



## Legislation Text

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**File #:** 06-0521, **Version:** 1

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Recommendation to authorize City Manager to execute a License Agreement with Big League Dreams USA, LLC, for a minimum term of 35 years at a refundable fee of \$400,000 for the licensing of the Big League Dreams image and name. (District 7)

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 USA, LLC (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. Five parks are currently open and are operated by BLD, four parks are under construction and two additional parks have been approved and are in planning and design. BLD has been successful in operating sports parks based on a formula that involves replicas of well-known major league stadiums. BLD has secured the rights to replicate these stadiums and licenses this right 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 proven beneficial to other 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 based upon BLD's image and name. In order to secure the right to utilize BLD's image and name during the design development phase of the Sports Park, City staff has negotiated a License Agreement with BLD. As design development of the Sports Park progresses, City staff will continue negotiations for agreements for consulting services, maintenance and operations.

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

License: BLD shall grant the City non-exclusive use of the Big League Dreams image, name and concept in connection with the development, marketing, maintenance and operation of the Sports Park. The Sports Park shall be referred to as the "Big League Dreams Long Beach Sports Park" unless otherwise agreed to by the parties. BLD shall not enter into any other similar licensing agreements in connection with any other sports park or sports facility located within a fifteen mile

radius of the Sports Park excluding Mile Square Park in Orange County and the cities of Fountain Valley and El Segundo. The standard BLD contract radius is ten miles. We negotiated a larger radius of fifteen miles; however, this larger area affected these three sites that are currently in discussion with BLD. We agreed to exclude the three sites from the larger radius as a compromise.

Term: The License Agreement shall become effective July 1, 2006 and shall terminate 35 years following completion of construction of the Sports Park, and/or concurrent with the terms of any Maintenance and Operations Agreement (MOA) entered into by the parties. The term of the License Agreement shall automatically extend concurrent with any extensions of the term of the MOA.

License Fee: The License Fee of \$400,000 shall be payable in two installments of \$200,000. The first payment is due within 60 days of the effective date and the second payment is due within 120 days of the effective date.

Termination Option: In the event the City Council does not approve an MOA by July 1, 2007, either party may terminate the License Agreement upon thirty days' written notice. The City shall be entitled to a full refund of the License Fee. In the event the City Council approves an MOA and BLD fails to execute the MOA within thirty days, the City shall be entitled to a full refund of the License Fee.

In the event the City Council approves an MOA, the MOA is executed by BLD within thirty days and the City fails to execute the MOA within the subsequent thirty days, the City shall be entitled to a refund of 50 percent of the License Fee.

After full execution of the MOA, if the City terminates the MOA for reasons provided therein, the city shall be entitled to a refund of 50 percent of the License Fee.

After completion of the Sports Park and during the first ten full operating years, if the City terminates the MOA due to a default on behalf of BLD, the City shall be entitled to a full refund of the License Fee.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on June 12, 2006 and Budget Management Officer David Wodynski on June 12, 2006.

City Council action is requested on June 20, 2006 in order to protect the City's rights to continue to use BLD's name, image and concept during the design development phase of the proposed Sports Park.

Sufficient funds for this action are budgeted in the Capital Improvement Fund (CP) and in the Department of Public Works (PW). There is no impact to the General Fund.

Approve recommendation.

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APPROVED:

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CITY MANAGER