



CITY OF LONG BEACH

DEPARTMENT OF ECONOMIC DEVELOPMENT

333 West Ocean Boulevard 3rd Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

December 5, 2017

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. 21667 with SMG, a Pennsylvania joint venture, for the completion of certain capital improvement projects at the Long Beach Convention and Entertainment Center (LBCEC) located at 300 East Ocean Boulevard, in the amount of \$1,400,000. (District 2)

DISCUSSION

On November 3, 2017, the State Lands Commission was notified of an increase in expenditures for projects at the LBCEC. This notification authorized the City's use of \$400,000 in Tidelands funds for these important LBCEC projects, with Measure A funding proposed to support the remaining cost of \$1,000,000. On September 5, 2017, as part of the FY 18 Adopted Budget, the City Council approved funding these projects using Tidelands Operations Funds rather than Measure A funds. The exchange is contingent upon the availability of a \$1,000,000 one-time surplus within the Tidelands Operations Fund at FY 17 year-end. The projects proposed for this appropriation include the following:

Elevator and Escalator Improvements (approximately \$330,000):

Modernization of the current elevators and escalators will increase efficiency while decreasing overall repair and maintenance costs. The current elevators and escalators have been in service over 30 years and are not functioning at an optimal level and frequently require repairs.

Sump Pump Replacement (approximately \$275,000):

Existing sump pumps are beyond their optimal useful life and are in need of replacement. The sump pumps are located in the Central Plant and parking facilities. Replacement pumps would have an estimated useful life of 25 years.

Storm Drain Pipe Repairs and Upgrades (approximately \$100,000):

The current storm drains throughout the facility are over 30 years old and portions of them are in need of urgent repairs and upgrades. These repairs and upgrades would address water leakage and avoid additional damage to the facility.

Exhibit Hall Lighting Enhancements (approximately \$250,000):

The Exhibit Hall lights have been used well beyond their use life and are an energy drain to the LBCEC. The existing Exhibit Hall lights are over 30 years old and the cost of use, maintenance and repair far exceed the cost of LED replacement lights. LED replacement lighting are more cost-efficient and would reduce energy consumption.

Marquee Sign Enhancement (approximately \$120,000):

The Marquee sign located in the Terrace Plaza is in need of repair and upgrade. The Marquee sign is dated, and experiences frequent failures and maintenance downtime. The Marquee sign is essential to marketing the LBCEC and events.

Exterior Painting and Repairs (approximately \$255,000):

Painting of the LBCEC will enhance the appearance and the marketability of the facility. The painting will also protect and preserve the overall life of the current structure, which will reduce the overall cost associated with repair and maintenance of the structure over time.

Masonry Work and Related Repairs (approximately \$70,000):

Masonry and hardscape improvements located in the Terrace Plaza are in need of repair and upgrade. This work will address cracks and uneven paths of travel.

This Supplemental Agreement is required to modify the Management Agreement to allow SMG to manage these capital improvement projects. SMG shall ensure that the bidding process for these projects complies with 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 shall 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 Deputy City Attorney Linda T. Vu on November 7, 2017 and by Budget Analysis Officer Julissa José-Murray on November 9, 2017.

TIMING CONSIDERATIONS

City Council action is requested on December 5, 2017, to allow SMG to immediately begin work to complete the projects in a timely manner.

FISCAL IMPACT

The capital improvements in the LBCEC are estimated to cost \$1,400,000. Of the total cost, \$400,000 is appropriated in the Tidelands Operations Fund (TF 401) in the Public Works Department (PW). The remaining \$1,000,000 is appropriated in the Capital Projects Fund (CP) in the Public Works Department (PW), offset by Measure A funds.

Per the FY 18 Adopted Budget, the \$1,000,000 in Measure A funds are subject to exchange with \$1,000,000 in Tidelands funds. This exchange is contingent on the availability of sufficient funding within the Tidelands Operations Fund at the close of FY 17. Assuming sufficient Tidelands funding exists at the close of FY 17, the \$1,000,000 in Measure A funds currently appropriated for LBCEC projects will be transferred to the Capital Projects Fund for sidewalk improvements, as directed by the City Council. At that point, any expenses incurred by Measure A funds for the LBCEC will be transferred to the Tidelands Operations Fund.

There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF
ECONOMIC DEVELOPMENT

JK:JMV

APPROVED:



PATRICK H. WEST
CITY MANAGER