

A nighttime photograph of a city skyline with various skyscrapers and buildings illuminated. The lights are reflected in a body of water in the foreground. The scene is dark, with the city lights providing the primary illumination.

ASM Global Management Agreement for the Long Beach Convention & Entertainment Center

City Council Meeting - May 10, 2022

Convention Center (Center) Agreement - Historical

- Original Agreement with Spectator Management Group, predecessor to SMG.
- Original Agreement from 1991 and since, the Center has been successfully managed and received countless industry accolades throughout the years.
- In 2019, AEG Facilities and SMG merged to become ASM Global.
- Agreement set to expire on September 30, 2023.
 - Original agreement served the expansion and operations of the Center.
 - Many of the agreement terms and fee structure are outdated.
 - No current incentive for City priorities.
 - Lack of performance measures.
- In June of 2021, in anticipation of agreement expiration, ASM Global submitted an unsolicited proposal to, among other things, extend the term of their agreement.
- City staff, with direction from the City Council, have engaged in negotiations to update and modernize terms of the agreement.

Summary Agreement Terms

Final Proposed Agreement Terms

- Agreement: Update and modernize terms of the Management Agreement for the Long Beach Convention and Entertainment Center.
- Term: 7-year extension (thru 2029) with one 3-year option to extend at discretion of City Manager.
- Commencement: Amended terms will commence on October 1, 2022.
- Base Mgmt. Fee: \$500,000 annual base management fee w/CPI increase (almost \$1.5M reduction).
- Annual Operating Plan: A Committee consisting of City, ASM Global and CVB reps will convene annually to develop an Annual Operating Plan to assist in establishing benchmarks, capital improvement priorities, and Key Performance Indicators (KPIs).

Summary Agreement Terms

Final Proposed Agreement Terms

- Capital Investment

Funds:

ASM Global will provide \$7M directly to City for funding of urgent capital improvement items, and another \$3M if the 3-year option to extend is exercised.

- Customer Service

Standards:

ASM Global will incorporate the use of a mobile based survey tool to measure visitor and user experience across all venues and event spaces.

- Fixed Pool

Incentive:

Annually, and prior to each fiscal year, the Committee will meet to assess and recommend weighting for financial and performance based benchmarks for a fixed pool incentive program capped at \$1.25M. Purpose is to incentivize City's financial, operational, and booking priorities.

Summary Agreement Terms

Final Proposed Agreement Terms

- **Special Revenue Incentive:** Financial incentive for new and special revenue generation. Only paid after City receives 100 percent of established financial benchmarks. Only available as new revenue and goes away if established as on-going revenue source. May include development of new food and beverage or special event outlets.
- **Labor Peace:** ASM Global will continue its commitment to labor peace through labor peace and collective bargaining agreements.
- **Key Staffing Input:** City will be afforded opportunity to review and provide input on changes to key facility staffing changes.

Summary Agreement Terms

Final Proposed Agreement Terms

- **Free Use Days:** In addition to the already established City Free Use program supporting large Citywide events, ASM Global will support a Community Free Use Program providing up to 100 hours of free use for small community-based meetings/gatherings.
- **Marketing Fund:** ASM Global shall establish a \$350,000 annual marketing fund, to increase by 5 percent annually, and include diversity-specific outreach and marketing efforts.
- **Future Development:** City retains the option to develop the Elephant Lot during the term of the amended agreement. ASM Global is committed to working with the City to accommodate preparation for the upcoming Olympics.

Summary Agreement Terms

Benchmarks/KPIs

- Operating Performance:
 - Visitor and Attendee Experience
 - Asset Management
 - Event Coordination & Management
- Financial Performance:
 - Revenue Achievement
 - Energy Efficiency and Sustainability
 - Financial Management
 - Financial Efficiency
- Community Benefit:
 - Workforce Development
 - Diversity, Equity and Inclusion
 - Economic Impact
 - Labor Peace
 - City and Community Facility
- Venue Activation
 - Booking Goal Implementation
 - High-Profile Events
 - Activation of Facilities
 - Capital Project Implementation

Summary Agreement Terms

Initial Arena Booking Goals

- Years 1-4: Prior to Capital Investment
 - Commercial/Entertainment: 30 percent or more of available days
 - Convention and Trade Shows: 60 percent or less of available days
 - Community Events: 10 percent or less of available days
- Years 5-10: After Capital Investment
 - Commercial/Entertainment: 50 percent or more of available days
 - Convention and Trade Shows: 45 percent or less of available days
 - Community Events: 5 percent or less of available days

Newly Instituted Revenue Generating Activities

- ASM Global Sponsorship Network
 - Estimated to result in \$200,000 in new revenue annually as the Convention Center returns to more standard operational levels.
- Ticketmaster Exclusive Agreement
 - Estimated to result in \$400,000 in new revenue annually as the Convention Center returns to more standard operational levels.

Facility Needs

- Convention and Entertainment venues require estimated \$75M investment (as established in the Facilities Conditions Assessment conducted by PW).
- Core systems replacement include mechanical, electrical and other energy efficiency projects to provide better visitor experience and reduce operating costs.
- Arena Improvements and other visitor serving improvements needed to support booking goals and visitor experience measures.

Potential Funding

- ASM Global's initial \$7M Capital Investment could be used to support broader CIP effort.
- Positive impact from reduced fees and new revenue generation could further support broader CIP effort.
- Both these sources may support debt service, which would be evaluated at a later time.

Thank You!

