



July 3, 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 Supplemental Agreement to Management Agreement No. 21667 with SMG, formerly known as Spectacor Management Group, for the completion of certain capital improvements to the Sports Arena and International City Theater at the Long Beach Convention and Entertainment Center (Center) located at 300 East Ocean Boulevard. (District 2)

DISCUSSION

Under Management Agreement No. 21667, SMG operates the Long Beach Convention and Entertainment Center on behalf of the City of Long Beach. The Management Agreement allows SMG to enter into contracts for improvements to the facility. The Supplemental Agreement authorizes SMG to enter into additional contracts and to expend funds for specific capital improvements.

On February 7, 2012, the City Council, as part of a quarterly budget adjustment, appropriated \$17.145 million from Tidelands Measure D oil revenue for high priority capital projects, which included \$6.175 million for improvements to the Long Beach Convention and Entertainment Center, including specific improvements to the Sports Arena and International City Theater. The combined project costs for these two projects is \$5.375 million:

Sports Arena Upgrade/Improvements (Approx. \$5,000,000)

The City's Sports Arena will be improved in phases so that it can be used as a "Loft Style Ballroom", and aging equipment will be replaced and modernized to maximize the facility's use for special events. The improvements to the Sports Arena will provide attractive modernized event space needed to accommodate larger functions at the Center, and update the appearance and usefulness of the Long Beach Sports Arena.

International City Theater Improvements (Approx. \$375,000)

The International City Theater facility will be improved to create a safer and more inviting entryway and improve the facility's street visibility. Upgrading this facility will help ensure its continued viability and provide service growth opportunities.

This Supplemental Agreement is required to authorize SMG to manage these capital improvement projects. SMG shall ensure that the bidding process for these projects comply 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.

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

This matter was reviewed by Deputy City Attorney Linda Trang and by Budget Management Officer Victoria Bell on June 13, 2012.

TIMING CONSIDERATIONS

City Council action is requested on July 3, 2012 in order to allow SMG to immediately begin the improvements and to complete them in a timely manner.

FISCAL IMPACT

\$6.175 million for capital improvements to the Long Beach Convention and Entertainment Center is funded by Tidelands Measure D oil revenue, and is budgeted in the Tidelands Operations Fund (TF 401) in the City Manager Department (CM). This appropriation was approved by City Council on February 7, 2012. The proposed Sports Arena and International City Theater improvements will utilize \$5.375 of that appropriation. This expenditure of Tidelands oil revenue was approved by the California State Lands Commission on May 24, 2012. There is no fiscal impact to the General Fund and no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

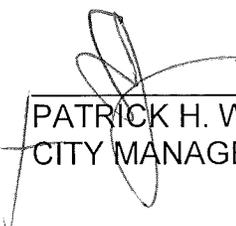


for

MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

MPC:VRV:JMV:jmv
PCL/SMG Supplemental Agreement for Arena Improvements v4.doc

APPROVED:



PATRICK H. WEST
CITY MANAGER