



Conor Baldwin  
Chief Financial Officer

## MEMORANDUM

**TO:** Kevin J. Murphy, City Manager   
**FROM:** Conor Baldwin, Chief Financial Officer   
**DATE:** February 27, 2018

**SUBJECT: MOTION RESPONSE: 11.4. of 1/30/2018 - 2/6/17 7.4 C. Cirillo - Req. City Mgr. Provide A Report Regarding LMA; Said Report To Include Updates On Proposals For A Management Company Due February 22, Money Allotted In Budget For Use And Upgrades Including Larger Loading Dock Doors/Restrooms, And Efforts Being Made To Increase Its Use.**

The Lowell Memorial Auditorium (LMA) is an indoor facility located in downtown Lowell, Massachusetts on Merrimack Street. It is an ideal venue for concerts, family shows, conferences, conventions, trade shows, corporate seminars and much more. The 2,800 seat venue was constructed in 1922 by the architectural firm of Blackall, Clapp & Whittemore. The City of Lowell privately contracts the management of the LMA. The current contract for management of the LMA, dated July 1, 2013, is scheduled to expire on June 30, 2018. The city also contracts separately for concessions at the LMA with Julian Lenzi Hospitality Group, Inc. The concessionaire services are under contract through the fall of FY2019.

The City issued Bid number RFP 18-65 on February 19, 2018 to seek a qualified management company to manage, on its behalf, the Lowell Memorial Auditorium, beginning on July 1, 2018. The closing date is March 13, 2018 at 11:00 am. All relevant bid documents can be viewed on the city's website and accessed via the following link: [RFP-18-65 LMA Management](#). Funding for the city's subsidy is located in the marketing development section of the City Manager's departmental budget.

Beginning in FY2014 through FY2017, the LMA operated as an enterprise fund according to Massachusetts General Laws Chapter 44 §53F½. The funding was included in the annual operating budget as a separate department similar to the city's other enterprises and pursuant to the statute, any deficit in the fund must be raised on the subsequent year's tax rate recapitulation. The initial financial plan was to fully account for the operation of the facility from within the operating revenues, reducing and ultimately eliminating the tax subsidy to the LMA. However, after the completion of the first full year of operation as an enterprise, the fund finished with a deficit \$146,673 in excess of the budgeted subsidy. The Administration immediately began negotiations with the management company to amend the existing contract and cap the city's exposure at an amount equal to that in the budget and recommended that the City Council revoke the enterprise fund provision for the LMA. After the requisite three-year trial period the provision was revoked effective June 30, 2016. In FY2018, the "Professional Auditorium" appropriation is \$190,000 and any additional sums necessary for the facility's operation require approval of the City Council. This figure is a reduction of \$130,000 from the amount needed in the operating budget prior to the contract with the current management group.



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Significant investments have been made by the City Council to the envelope and the interior of the auditorium using both the local capital budget, as well as by identifying grant funds to maximize the city's funding capacity. The Cultural Facilities, one such source, awarded the City a \$300,000 matching grant for various renovations including the replacement and refurbishment of tiles, carpet, and wood floors, replacement and refurbishment of audience seating, and other cosmetic enhancements to the interior. The city matched this grant with \$300,000 from the FY16 capital budget for a total of \$600,000. In the FY2017 capital budget, the City Council approved an additional \$250,000 to fund designer services for improvements to the restrooms and to design a new, handicapped-accessible restroom on the main, concourse level to provide to easier access and to begin design on the loading dock door height enhancement.

The City Council also approved \$400,000 for LMA repairs in the FY18 Capital Plan. These funds will serve as the City match for the Mass Cultural Facilities Fund grant and, if the city's application is successful, will provide a total budget of \$800,000 for improvements, including the loading dock. The application for grant funding was approved by the City Council in January and is currently awaiting award. Other outside funding sources have included the utilization of funds from a partnership with the Lowell Development & Financial Corporation to replace the boiler in the Auditorium.

Attached to this memorandum is a copy of the event listing at the LMA for the past two years. The Administration has heard the wishes of the Council to increase the use of the facility and expand the types of events and offerings at the facility and, in order to comply with the will of the City Council, the RFP was issued, rather than exercising the additional 3 year option contained in the current contract. The onus will be on the successful respondent to present a viable option for accomplishing this task to the city and the contract will be rewarded to the firm whose plan most closely aligns with the direction of the City council. A technical review committee will be established to evaluate the proposals after the bid opening on March 13<sup>th</sup> and will grade the responses based on the major comparative criteria of: (1) planned capital improvements, (2) the extent of the General Manager's experience in similar facilities, and (3) the respondent's performance record.