

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Authorizing the City Manager and/or the Board of Trustees of the Lowell Memorial Auditorium to proceed under the provisions of Massachusetts General Laws Chapter 30B for management services for the Lowell Memorial Auditorium for a term of five (5) years with an option for an additional three (3) year extension.

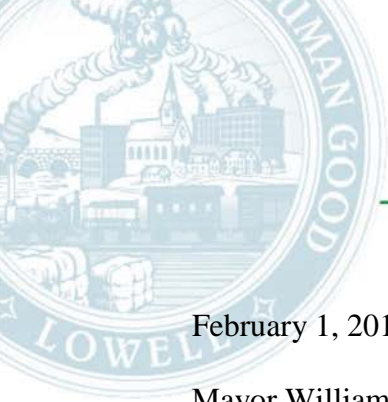
The City Council must authorize the City Manager and/or the Board of Trustees of the Lowell Memorial Auditorium to proceed under the provisions of Massachusetts General Laws Chapter 30B, in order to obtain such services for a term of five (5) years with an option for an additional three (3) year extension.

BE IT VOTED:

That the City Manager and/or the Board of Trustees of the Lowell Memorial Auditorium are hereby authorized to seek, receive and accept proposals under the provisions of Massachusetts General Laws Chapter 30B, relative to management services for the Lowell Memorial Auditorium for a term of five (5) years with an option for an additional three (3) year extension.

BE IT FURTHER VOTED:

That the City Manager and/or the Board of Trustees of the Lowell Memorial Auditorium be and hereby are authorized to execute and deliver any and all other documents related to management services for the Lowell Memorial Auditorium, on such terms and conditions as the City Manager and/or the Board of Trustees of the Lowell Memorial Auditorium deems in the best interest of the City of Lowell.



Kevin J. Murphy
City Manager

February 1, 2018

Mayor William J. Samaras
And
Members of the Lowell City Council

Dear Mayor Samaras and Members of the Lowell City Council,

I am hereby requesting the City Council vote to authorize the execution of a contract for management services of the Lowell Memorial Auditorium (LMA) for a five year (5) term with an option for an additional three (3) year extension. The City is coming to the end of the existing contract with Spectra management on June 30, 2018 and, after much deliberation and discussion with the Council and the LMA Board of Trustees, decided that the best way forward to ensure the vitality and success of the Auditorium is to solicit competitive proposals for management of the building. A request for proposals (RFP) will be publicly advertised and the most advantageous proposal will be awarded a contract for a term which mirrors the language of the existing management agreement.

The LMA has made significant progress, financially, in limiting the taxpayer subsidy of the operations since FY2015. However, the City Council has made it clear that the quality and quantity of acts booked at the facility needs improvement. During negotiations for the contract the Administration will make it clear to the successful bidder that this is a top priority for the future of the venue. Thanks to the City Council, over the past several years substantial improvements have been made to the building's envelope, aesthetics, and mechanical systems through capital investments. These enhancements should make the RFP all the more attractive to potential bidders.

A memorandum from the Chief Financial Officer is included with this letter which responds to Mayor Samaras' motion regarding the LMA and details the facility's finances.

Sincerely,

Kevin J. Murphy
City Manager


Cc: Conor Baldwin, Chief Financial Officer
Chairman Jim O'Donnell and the LMA Board of Trustees



Conor Baldwin
Chief Financial Officer

MEMORANDUM

TO: Kevin J. Murphy, City Manager

FROM: Conor Baldwin, Chief Financial Officer 

DATE: January 31, 2018

SUBJECT: MOTION RESPONSE: 8.2 2016/358 5/24/16 C. Samaras - Req. City Mgr. establish a commission in order to best plan the future use of the Auditorium to ensure that it becomes a successful venture.

For the past several months, the Administration has worked closely with the LMA Board of Trustees regarding the future of the venue. Pursuant to the authority under Chapter 148 of the Acts of 1919, as amended by Chapter 427 of the Acts of 1983, the LMA Board of Trustees is vested with control of the facility, in concert with the City Manager, and all matters related to its operation. Since 2013, the day-to-day management of the Auditorium, including the booking of shows and general maintenance, has been subcontracted to Spectra, a subsidiary of Comcast. The term of the contract, however, is scheduled to expire on June 30, 2018.

While the current contract includes a provision for an optional three year extension, the Board of Trustees and the Administration have determined that the best way to ensure the LMA's future success is to issue a request for proposals (RFP) to solicit competitive bids from management firms. Since FY2015, the Administration has made great strides in limiting the financial exposure of the LMA to the city budget and mitigating the impact of its operation to the taxpayers. In FY2015, the cost to the taxpayers for the LMA operation was \$346,673. However, after negotiating with the management firm and identifying savings opportunities, the tax support of the LMA shrank to \$190,109 in FY2017. The City Council has also implemented tighter fiscal control of the operation by rescinding the enterprise fund statute for the LMA and restoring its funding as a line-item appropriation, ensuring that if the management company surpasses the budget for the year, they must come before the City Council for an additional appropriation. A significant amount of capital investment has also been made at the LMA recently. The City Council has appropriated approximately \$1.75 million in capital and grant funds for improvements to the floors, loading docks, exterior repairs, and the restrooms.

The City Council has made it clear that the quality of the acts booked at the LMA must be a priority and that the future of the building must find a balance between taking risks on booking shows which will spur economic development in the downtown and limiting the burden to the taxpayers. The Administration is confident that the timing is right to issue an RFP and enter into negotiations for a new contract in time for the successful bidder to start booking shows for the beginning of the next contract period. Because of the nature of the business, similar contract provisions of at least a five-year with a three year optional term would be advisable so the winning bidder has enough time to establish themselves and achieve a level of continuity with the management of the operation and establish relationships with potential sponsors.