



## **BOARD OF LOS ANGELES DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS**

Commissioners: Jon F. Vein, President; Ray Bidenost, Vice President;  
Jeremy Bernard; Stella T. Maloyan; Otto Padron

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Members of the public who wish to speak during the meeting must submit a "Request to Speak" form to the Board Secretary prior to the commencement of the public comments for each agenda item of interest. Comments by the public on matters not identified on the agenda, but within the subject matter jurisdiction of the Commission, will be heard only during the item designated as "Public Comment." Public speaking will be limited to two minutes per speaker, unless the presiding officer grants some other amount of time before the commencement of the public comment.

Special Meeting  
Wednesday, February 24, 2016  
9:00 a.m. – 10:30 a.m.  
Los Angeles Convention Center  
1201 S. Figueroa Street, L.A., CA 90015  
**Executive Board Room**

### **1. CALL TO ORDER / ROLL CALL**

### **2. PUBLIC COMMENT**

### **3. ACTION ITEMS:**

- a. Approval of the meeting minutes from February 3, 2016

### **4. DISCUSSION ITEMS:**

- a. Expansion & Futurization Update – Bud Ovrom, CTD
- b. Hotel Strategy Update – Bud Ovrom, CTD
- c. Future Meetings

### **5. ADJOURNMENT**

### **AGENDA FORECAST / SPECIAL TOPICS:**

- |               |  |
|---------------|--|
| March 2, 2016 | - AEG Monthly Update – January – Brad Gessner, AEG     |
|               | - LATCB Monthly Update – January – Darren Green, LATCB |
|               | - Expansion & Futurization Update – Bud Ovrom, CTD     |

Materials related to an item on this agenda submitted to the Board of Los Angeles Convention and Tourism development after distribution of the agenda packet are available for public inspection in the Executive Office of the Los Angeles Convention Center, 1201 S. Figueroa Street, Los Angeles, CA 90015, during normal business hours.

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**As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.**

**DRAFT**  
**BOARD OF LOS ANGELES CONVENTION  
AND TOURISM DEVELOPMENT COMMISSION**

Regular Meeting Minutes  
February 3, 2016  
9:00 a.m.

The Board of Los Angeles Convention and Tourism Development Commission (Board) convened a regular meeting on Wednesday, February 3, 2016 at 9:00 a.m. at the Los Angeles Convention Center (LACC), located at 1201 S. Figueroa Street, Los Angeles, CA 90015, in the Executive Board Room.

**PRESENT:**

Commissioner Otto Padron, Presiding  
Commissioner Jeremy Bernard  
Commissioner Stella T. Maloyan

**ABSENT:**

President Jon F. Vein  
Vice President Ray Bidenost

**PRESENTERS:**

Brad Gessner, AEG  
Keith Hilsen, AEG  
Ellen Schwartz, AEG  
Darren Green, LATCB  
Don Skeoch, LATCB  
John Boudouvas, LATCB  
Bud Ovrom, CTD

***Item 1. Call to Order / Roll Call***

Commissioner Padron called the meeting to order at 9:00 am.

**TAKEN OUT OF ORDER**

***Item 3a. Approval of Meeting Minutes from January 20, 2016***

UNANIMOUSLY APPROVED

***Item 4a. AEG Monthly Update - December***

Mr. Brad Gessner presented the update for November and noted that month of December has been one of the busiest Decembers with 70,000 visitors. Mr. Gessner introduced the employee of the month, Johnathan Valladares and the leader of the quarter, Adrienne Hall as well as gave an overview of several of the successful events. Mr. Keith Hilsen presented the financial update.

***Item 4ai. Commercials filmed at LACC***

Ms. Ellen Schwartz presented an update on recent filming, still photo shoots, and press events, which included several commercial clips. Ms. Schwartz noted that filming is increasingly profitable and several events are repeat clients.

***Item 4b. LATCB Monthly Update – December***

Mr. Darren Green presented the update through December and noted that LATCB is on track with leads and Letters of Intent, while groups are larger than past years. Mr. Green noted that there is an increase in the shorter booking window events. LATCB will increase focus on corporate events.

***Item 4bi. New LATCB Advertising Campaign***

Mr. Don Skeoch and Mr. John Boudouvas presented an overview of LATCB's new 360° media campaign. Mr. Skeoch presented budget, advertising mediums, and run time schedule. Mr. Boudouvas noted that Los Angeles has become a millennial destination, noting that Los Angeles is the 2016 Restaurant Capitol and now hosts the largest restaurant week in the nation.

***Item 4c. Expansion and Futurization Update***

Mr. Bud Ovrom reported that on January 26, 2016, LACC hosted a Hotel RFI Open House, which was very successful, with 75 attendees, including major hotels and developers. Mr. Ovrom noted that the Chief Administrative Officer is expected to submit an amended P3 report to include a dual path option to the Economic Development Committee later this week. Mr. Ovrom reminded the Commissioners that delays to the Hotel RFI process and the funding of the expansion are very costly due to rising interest rates, lost business, as well as many other factors. Mr. Ovrom stated that the residential component of the CAO's current plan is counterproductive for LACC, that hotel room inventory is a major consideration for meeting planners and show management's City selection.

**TAKEN OUT OF ORDER**

***Item 2. Public Comment***

None

**ADJOURNMENT**

The meeting was adjourned at 10:21 a.m.

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: February 17, 2016

TO: Board of Los Angeles Convention and Tourism Development Commissioners

FROM: Robert R. "Bud" Ovrom, Executive Director   
Los Angeles Department of Convention and Tourism Development

SUBJECT: **BI-WEEKLY PROGRESS REPORT ON THE LOS ANGELES CONVENTION CENTER EXPANSION AND FUTURIZATION PROJECT**

Even by my always impatient standards, we had a pretty good couple of weeks. Below are the areas where we have made headway since my last report to the Board on February 3, 2016:

**1. Economic Development Committee (EDC)**

At its regular meeting on February 9, 2016, the EDC approved the CAO's Supplemental Report regarding their proposed "Public-Private Funding Options for the LACC Expansion Project."

This was a very important landmark for us. As you know, the CAO had previously recommended that all of our work over the last two years be "held in abeyance" while they focused exclusively on a new alternative project delivery model called, Design, Build, Finance, Operate and Maintain (DBFOM), an all-inclusive form of a Public-Private Partnership (P3).

After input from your Board and others, the CAO agreed to change his recommendation to go down "dual paths" - - - continuing the work we have been doing while simultaneously studying the DBFOM alternative.

A copy of the CAO's report is attached as Exhibit A. Highlights of the CAO's amended recommendations include:

- \$1.7 million for BOE to retain Populous and complete the Concept Design Refinement phase.
- \$100,000 for BOE to procure a project management consultant to assist with design input and construction cost estimating services.
- \$1 million to initiate the CEQA activities including the early work on the EIR. The EIR will cover both paths.
- \$500,000 for BOE to cover costs directly associated with the EIR and design project components, which will enable BOE to fund 10 positions between March 1 – June 30, 2016.

- \$1.9 million for the CAO to continue the consulting services of Arup to develop a business case for the DBFOM procurement model, including architectural and engineering services supportive of that work.

At the meeting, Chairman Price introduced a list of amendments which the Committee accepted as part of its referral of the matter to the City Council. A copy of Councilmember Price's motion is attached as Exhibit B and a summary of the highlights include:

- The direction that the DBFOM Business Case be required to make the operation of the Convention Center a priority and that the City maintains design control to ensure implementation of that policy. In other words, the real estate development play does not become more important than the operation of the Convention Center.
- That DBFOM Business Case project documentation prohibits residential uses. A senior manager from the Planning Department spoke at the meeting and explained the likely opposition to housing at this location. I will speak more to that point below.
- That the DBFOM Business Case reaffirms the City's booking policy, with a priority on citywide conventions that attract out of town visitors. We know all too well that the Convention Center makes more money from consumer shows while the City gains a greater economic impact from citywide conventions. We are very actively trying to reverse our current mix, which are about 65% consumer shows and 35% large conventions. It would not be to the City's advantage to have a DBFOM operator who wanted to increase its cash flow and profitability by perpetuating the emphasis on consumer shows.

All of these and the other recommendations of Councilmember Price were very thoughtful and demonstrate the complexity of the DBFOM analysis.

This CAO's report was also referred to the Personnel Committee and the Budget & Finance Committee. Hopefully, it can get through both of these Committees and on to the full City Council in the next couple of weeks.

All of this work, including the Populous Conceptual Design, the Hotel RFI, and the DBFOM Business Case, are to be completed 90 days from the date of Council approval of the recommendations, and be calendared for presentation to the Council within 30 days thereafter.

## **2. Residential Component**

As noted above, one of Council Member Price's recommendations included a prohibition to housing on the LACC campus. A senior manager from the Planning Department spoke at the EDC meeting and explained their concerns

about making this possible change of use at this particular location. It is totally understandable that the CAO would not have been aware of these land use planning principles and practices.

Actually, our concerns with housing are much more operational. Last week was a good example. We were in set-up mode for the Grammy's and the U.S. Olympic Team Trails Marathon. Every nook and cranny of the West Hall campus was covered with white tents, red carpets, Star Wagons, trucks, cars, tables, and port-a-potties! It is inconceivable that this degree of 24/7 activity could co-exist in the middle of a residential enclave.

You saw the comments we have already received from our clients who are totally opposed to housing for these same incompatibility reasons. From our conversations, we know that our Unions are going to oppose anything that converts job-producing land to residential. We also believe that LAANE might oppose residential on the LACC campus out of concern that the units could easily be used for Air B&B and thereby undercut our Union hotels.

Tom Bradley had the wisdom to assemble this 54 acre site for a nationally competitive convention center. To now convert 25% of that land area to another use - - and to do it in such a way to sever our connection to LA LIVE as proposed by Arup (Exhibit C) - - seems counter-productive to that vision.

Getting Council policy direction on this fundamental issue will help guide the upcoming DBFOM business case analysis.

### **3. Dual Paths**

The CLA has organized standing all-hands staff meetings for the second and fourth Thursdays of each month to keep everyone on track during this 90 day period.

After the EDC meeting, the Arup consultant indicated they would schedule a kick-off meeting for the DBFOM path. CTD and BOE are putting the final touches on an LACC program description - - should be done and transmitted to CAO/Arup next week.

Everyone is committed to making very productive use of these next 90 days!

### **4. Environmental Impact Report (EIR)**

As reported earlier, it has now been determined that it will be a project specific (not programmatic) EIR, using an equivalency table, and that BOE will be the lead, in consultation with Planning.

BOE and CTD are working on a Project Description and that should be finalized next week.

## **5. On-site Hotel Headquarters Hotel**

An all-hands meeting has been scheduled for February 25 with our consultants from Jones Lang LaSalle (JLL) to preview what to expect from the economics of the proposals and to review what has worked and not worked with other convention center hotels across the nation.

Remember, in terms of valuation, size and economic impact, the hotel is bigger than the convention center expansion! A 1,000-room hotel would be over 1,000,000 square feet of building area and would likely cost at least \$500,000 per key (room). In some areas of the country, the cost could be in the \$400,000 per key range, but the real high-flying ones can be over \$750,000 per key (which would likely be cost prohibitive in our market).

The hotel is even more important than the convention center expansion if we are going to achieve our goal of changing the mix of business to have more citywide conventions than consumer shows.

During and after the Open House for the Hotel RFI, everyone was invited to ask questions. To make sure it is a level playing field for everyone, all of the questions and answers are posted on the EWDD and BAVN website. Attached as Exhibit D are the ones we have so far.

## **6. Schedule**

Miguel Santana again said at the EDC meeting that the DBFOM project delivery methods can be done on the same schedule as the one we have been using for the last year. None of the other departments working on this project believe that is realistic. It would probably be more forthright to simply say, "The DBFOM model will take more time, but it is justified because..." and then spell out the reasons. One of the deliverables from this 90-day analysis period will be schedules for both paths which are well vetted and reliable.

Overall, if the next 90 days work at the same tempo as these last two weeks, we should be in good shape!

RRO:cv  
Exec. Ref. No. 16-018

Attachments

cc: LACC Expansion Project routing

REPORT FROM

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: February 4, 2016

CAO File No. 0670-00008-0000  
Council File No. 14-1383  
Council District: 9To: The City Council  
The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: C.F. 14-1383

Subject: **SUPPLEMENTAL REPORT: PUBLIC-PRIVATE FINANCING OPTIONS FOR THE  
LOS ANGELES CONVENTION CENTER EXPANSION PROJECT**

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**SUMMARY**

On December 23, 2015, the City Administrative Officer (CAO) released a report (C.F. 14-1383) entitled *Public-Private Financing Options for the Los Angeles Convention Center Expansion Project*, which recommended an alternative delivery and financing strategy (i.e. a public-private partnership or P3) for the expansion and modernization of the Los Angeles Convention Center (LACC). After a month of feedback and meetings with City stakeholders involved in the LACC Expansion and Modernization Project (Project), this Office is releasing this Supplemental Report to amend and restate the next steps and recommendations of the original report. This Supplemental Report (Report) also integrates and proposes amendments to the recommendations adopted by the City Council on December 15, 2015 (Attachment 1), with the intent of presenting a consolidated set of recommendations that will move the Project forward.

The consolidated recommendations presented herein have been developed in consultation with the Chief Legislative Analyst (CLA) and the Bureau of Engineering (BOE) and endorse a dual path approach to the Project. Via this dual path, the City will initiate work on both a traditional and an alternative project delivery and financing option as detailed in prior reports issued by our Offices. The most important work to be initiated on this dual path is the California Environmental Quality Act (CEQA) compliance process.

With the presentation of this dual path, the Council and Mayor now have three pathways to choose from in moving forward:

1. **Traditional Approach** – where the City acts as project developer, issues \$470 million of municipal bonds to finance the Project, and assumes maintenance responsibility for the 35- to 40-year useful life of the investment. Should the Council and Mayor move forward with this approach, it would proceed with the December 15, 2015 actions without modification, and begin by committing to a \$33.5 million contract for architectural services with Populous/HMC, authorizing the Board of Public Works to enter into a construction management/general contractor (CM/GC) contract with a guaranteed maximum price for the Project, and appropriating \$1.5 million to initiate the CEQA compliance process.

In order to proceed with the traditional approach, including the execution of a contract with Populous/HMC and a CM/GC contract, the Council and Mayor will have to authorize the use of Municipal Improvement Corporation of Los Angeles (MICLA) funding in an amount up to \$470 million. Furthermore, the CAO should be directed to report back with a recommendation on a detailed debt financing plan for the Project from the options previously presented in the CAO's December 7, 2015 report.

2. **P3 Approach** – where the City undertakes a competitive Request for Qualifications and Request for Proposals (RFQ/RFP) process to select a turnkey development partner to finance, deliver, operate, and maintain the Project per the CAO's December 23, 2015 recommendation. This decision would commit the City to \$3.4 million for architectural, engineering, and P3 consultant services for the remainder of the fiscal year including initiating the CEQA compliance process. Of this amount, \$1.5 million would be MICLA financed for the CEQA related work. The remaining \$1.9 million from the Capital Finance Administration Fund requires authorization for use on this Project.

To proceed with the P3 approach, the Council and Mayor should rescind most of the actions previously adopted by the City Council on December 15, 2015 with the exception of those initiating the CEQA compliance process. Furthermore, the CAO should be directed report back with the P3 business case and a detailed project timeline.

3. **Dual Path Approach** – where the City initiates the CEQA compliance process immediately and in parallel further develops both the traditional and P3 approaches with a detailed comparative analysis of public investment value, cost, risk, and schedule, with a final selection of one path by June 2016. This decision would commit the City to \$5.2 million for architectural, engineering services for both the traditional and P3 approaches, P3 consultant services for the remainder of the fiscal year, and the initiation of the CEQA compliance process. Of this amount, \$1.5 million and \$1.7 would be MICLA financed for the CEQA related work and conceptual design refinement, respectively. An additional \$100,000 would be used for an independent cost-estimator to review and validate the construction costs for both approaches. The remaining \$1.9 million from the Capital Finance Administration Fund requires authorization for use on this Project.

To proceed with dual path approach, the Council and Mayor should adopt the recommendations presented herein which include an instruction that the CAO report back on the business case for a P3 before the end of the fiscal.

The feedback received by this Office has centered on the importance of making forward, consistent progress with the Project. Initiating the CEQA compliance process is that critical first step that sits atop the initial design and permitting process overall and should be pursued immediately. LACC stakeholders, and in particular members of the Board of Los Angeles Convention and Tourism Development, have also been supportive of (1) further defining the P3 option and (2) clarifying aspects of the traditional proposal so that the Council and Mayor can make their most informed decision on a project delivery strategy that would prove most advantageous given the City's goals and constraints. This dual approach would be subject to a focused, time-limited process, culminating in a final selection of one path by Council by June 2016. This short-term dual approach serves two purposes: (1) it provides a definitive public development option that satisfies the space and operational requirements of the LACC that (2)

provides a well-defined basis of comparison in a P3 value-for-money analysis, which is used as a decision-support tool for public agencies to evaluate the most appropriate investment approach for a public asset. Therefore, the recommendations contained in this Report are consistent with the dual path approach further described below.

## **DUAL PATH**

Should the Council and Mayor select the dual path, a working group comprising of the CAO, CLA, Convention and Tourism Development (CTD), and BOE with assistance from the City Planning Department and the Office of the City Attorney will initiate the activities described below. Each activity will be led by one of the working group member departments with input and assistance provided by the others. The first activity identified to begin is the CEQA process. While the final Environmental Impact Report (EIR) is not anticipated to be completed until late 2017, the development and final approval of the EIR represents the critical time sensitive component for any of the approaches identified.

Assuming Council authorization in mid-February 2016, the remaining activities are targeted for completion by mid- to late-May 2016 and will be calendared and presented to Council for a decision on a final path to take before the end of the Fiscal Year 2015-16.

### **1. CEQA Compliance / EIR – Led by BOE with input from City Planning**

Under any of the three approaches, the \$1.5 million of funding for the CEQA related activities and the BOE staffing previously approved by the Council and Mayor would continue, with BOE's first task being the procurement and execution of a contract with an EIR consultant. However, as part of a dual path approach, the CEQA framework will be designed to address multiple project options to accommodate, at least initially, both traditional and P3 development strategies simultaneously until the Council and Mayor decides upon a final delivery approach at the end of the fiscal year.

It should be noted that the funding identified for this activity does not reflect the maximum amount required for full completion and final approval of an EIR under any approach. Furthermore, it is anticipated that additional BOE staffing may be required beyond the four Full-Time Equivalent positions contemplated in the prior P3 report or the 10 new positions authorized in earlier actions. The number and type of classifications required by BOE will depend on the final path selected. This information will be incorporated into the business case review which will be part of a report back to Council before the end of the fiscal year.

### **2. Design Services**

#### **a. Traditional Approach – Led by BOE with assistance from CTD**

BOE will procure architecture and engineering design services from Populous Inc., which won the Design Competition issued by BOE, for conceptual design refinements to their original 2015 LACC Design Competition Scheme. This refinement stage will be completed in a manner that satisfies the City's stated commitment to expand the LACC without exceeding \$350 million of construction costs and \$470 million of total development costs.

**b. P3 Approach – Led by CAO with assistance from BOE and CTD**

The CAO will work with its P3 financial advisor, Arup Advisory Inc., on developing an architectural and engineering framework tailored to meet the needs of the P3 procurement model. This entails developing alternative architectural plan layouts and 3D massing layouts to serve as a foundation of the Project design while leaving enough flexibility in the design and site plan to allow P3 proposers to creatively achieve an economically viable project. The CAO will incorporate input from the working group to ensure that the P3-related architectural layouts and guidelines for the LACC campus satisfy the space program, architectural design criteria, operational requirements, urban design requirements, and technical performance standards for the Project.

**3. Cost/Constructability Validation – Led by BOE with assistance from CAO**

In order for the Council and Mayor to make their most informed decision on a project delivery approach, an independent construction cost estimator will be hired by BOE to review and validate the construction costs, risks contingencies, and schedule presented by the traditional and P3 designs described above.

**4. Business Case – P3 Approach – Led by CAO**

The CAO will work with its P3 financial advisor on completing a detailed business case for the P3 approach to further define the transaction structure and key business terms that satisfy the City's requirements, policies, and project affordability limit. This business case will also provide the foundation for the RFQ/RFP documents and the framework for the P3 procurement process. This business case would include (1) stakeholder outreach; (2) a Request for Information (RFI) with relevant convention operations, P3/infrastructure, real estate industry participants; (3) a comparison of the independent cost/construction reviews to validate the costs (construction, operations, and lifecycle maintenance costs), risks contingencies, and schedule presented for both the design competition scheme and P3-compatible architectural schemes; and (4) legal and process analysis of a P3 procurement (to be led by the City Attorney) and development of the RFQ framework by the P3 financial advisor.

**5. Headquarters Hotel RFI – Led by Economic and Workforce Development Department with assistance from CTD, CAO, and CLA**

Regardless of the scheme selected and the procurement model to be implemented, the Headquarters Hotel RFI process will continue in parallel with the above tasks. Industry feedback from this RFI, which will reflect the market's assessment of the overall urban context for hotel developments on the LACC campus, will be informative for the Design Services and Business Case described above.

Whereas ultimately the Headquarters Hotel will likely follow an independent procurement path from the Project, regardless of procurement model selected, an important aspect to achieve the City's strategic goals is close coordination of the site selection and CEQA compliance for the Headquarters Hotel in the LACC's campus. The Design Services and Business Case will carefully consider this critical aspect to ensure an appropriate site is identified.

The recommendations contained herein are in compliance with the City's Financial Policies.

## RECOMMENDATIONS

These recommendations represent a consolidated set of recommendations to move this Project forward. This Report amends and restates the recommendations of the original report released by the CAO on December 23, 2015 and also integrates and proposes amendments to the recommendations adopted by the City Council on December 15, 2015 (Attachment 1).

That the City Council, subject to the approval of the Mayor:

1. AMEND AND REPLACE all of the previously adopted actions on the Economic Development Committee Report (C.F. 14-1383) adopted by the City Council on December 15, 2015 with the recommendations presented herein.
2. NOTE AND FILE the recommendations from the December 23, 2015 CAO report (C.F. 14-1383) entitled *Public-Private Financing Options for the Los Angeles Convention Center Expansion Project*.
3. INSTRUCT the City Administrative Officer (CAO), Bureau of Engineering (BOE), Department of Convention and Tourism Development (CTD), and Chief Legislative Analyst (CLA) to proceed with a dual path approach for the Los Angeles Convention Center Expansion and Modernization Project (Project) where the City initiates the California Environmental Quality Act compliance process while simultaneously developing elements of the traditional and P3 approaches with a final selection of one path by June 2016;
4. DESIGNATE a total project budget, if municipally financed, for the Project of not to exceed \$350 million of direct construction costs and \$470 million of total development costs (including direct, soft/indirect, and financing costs);
5. DESIGNATE the City Engineer as the Program Manager for the Project with oversight by the CLA and CAO in accordance with recommendation 3 above, and then, beginning in June 2016, from the Municipal Facilities Committee and assistance from the CTD, City Attorney, and Department of City Planning;
6. AUTHORIZE and APPROVE BOE to use \$3.3 million of MICLA funding from the MICLA Commercial Paper Program (Los Angeles Convention Center) for the following purposes:
  - a. Delegate the authority to the Board of Public Works to execute a sole source contract with Populous Inc., for architectural and engineering design services for seven years with authority to issue a Notice to Proceed and complete Concept Design Refinement in an amount not-to-exceed \$1.7 million.
  - b. Procure a Project Management consultant to assist BOE with design support and construction cost estimation services in an amount not-to-exceed \$100,000.
  - c. Initiate the CEQA related activities including procurement of an EIR consultant in an amount not-to-exceed \$1 million.

d. BOE staffing costs directly associated with EIR and design project components in an amount not-to-exceed \$500,000;

7. AUTHORIZE resolution authority for ten new positions in the Department of Public Works, subject to allocation by the Civil Service Commission and paygrade review by the Employee Relations Division, for the period March 1, 2016 through June 30, 2016, as follows:

<u>Public Works Bureau</u>	<u>Code</u>	<u>Classification</u>	<u>Quantity</u>
Bureau of Engineering	9489	Principal Civil Engineer	1
Bureau of Engineering	9485	Senior Civil Engineer	1
Bureau of Engineering	7925	Architect	1
Bureau of Engineering	7561-2	Building Mechanical Engineer II	1
Bureau of Engineering	7246-4	Civil Engineering Associate IV	1
Bureau of Engineering	7246-3	Civil engineering Associate III	1
Bureau of Engineering	9171	Senior Management Analyst I	1
Bureau of Engineering	1116	Secretary	1
Bureau of Engineering	1368	Senior Clerk Typist	1
Board of Public Works	1523-2	Senior Accountant II	1

8. DIRECT the Personnel Department to expedite the allocation of these positions for Civil Service Commission consideration.
9. AUTHORIZE the CAO, with the assistance of its P3 financial advisor, Arup Advisory Inc., to proceed with the detailed development of a Business Case for a Design-Build-Finance-Operate-Maintain (DBFOM) procurement integrated with a real estate development component for the Project, inclusive of architectural and engineering services in support of the business case, with consulting services of up to \$1.9 million to be paid from the Capital Finance Administration Fund;
10. AUTHORIZE the Controller to transfer \$1.9 million from Fund No. 100/53, Account No. 000316 to Fund No. 100/53, Account No. 000170;
11. INSTRUCT the BOE and CAO to complete the Design Services and P3 Business Case in 90 days from the date of Council approval of these recommendations, and to calendar and present the work to Council within 30 days thereafter;
12. INSTRUCT the Economic and Workforce Development Department (EWDD) to compile results from the Headquarters Hotel RFI and present to Council at the same time as the comparison of the P3 Business Case;

13. INSTRUCT the CAO, BOE, CTD, CLA, and EWDD to provide an update on all facets of the Project including the Headquarters Hotel to the Economic Development Committee and the Board of Los Angeles Convention and Tourism Development within 30 days from the date of Council approval of these recommendations and every 30 days thereafter;
14. AUTHORIZE the CAO to make any technical adjustments and corrections as necessary to transactions included in the report to implement the intentions of the Mayor and City Council.

#### **DEBT IMPACT STATEMENT**

The issuance of commercial paper notes will not cause the City's debt service payments to exceed six percent of the General Fund revenues for non-voted approved debt as these are short-term notes. However, upon completion of the Project, any outstanding commercial paper notes will be refinanced to long-term debt and will impact the City's debt capacity. The future repayment of the debt issued will be a General Fund obligation.

#### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund associated with the recommendations in this report as sufficient funds are currently budgeted in the General Fund, Capital Finance Administration Fund for the development of a business case of a P3 approach. This report is solely related to funding pre-construction costs and the evaluation of alternative funding options.

## BACKGROUND

Through a variety of recent actions (see C.F. 14-1383 and 13-0762), the City Council instructed the CAO and CLA to report back on project implementation and financing options for the expansion and modernization of the LACC. The Council also approved a series of recommendations related to the results of the LACC "Plan B" design competition, instructing BOE to negotiate a contract with Populous/HMC for their winning design concept.

On June 30, 2015, the City Council approved a variety of recommendations (C.F. 14-1383) related to the expansion and modernization of the LACC. Council instructed the CAO to report back on financing options, including a public-private partnership scenario, for the Project. Council also instructed the CLA and CAO to report on additional implementation steps to advance the Project.

In compliance with these instructions, on December 7, 2015, this Office released a report entitled *Financing Options for the Los Angeles Convention Center Expansion Project*, which described, but did not recommend, a few conventional municipal financing options for the estimated \$470 million project with a design concept developed by the competition's winning team (Populous/HMC Architects). Also on December 7, 2015, the CLA released a report entitled *Los Angeles Convention Center Expansion and Modernization*, which contained a set of recommendations to move the Project forward.

On December 15, 2015, the City Council adopted recommendations consistent with a traditional approach to financing this Project. Under this approach, the City would issue approximately \$470 million of bonds to finance the Project. A project of this size will cause the City's non-voted approved debt ratio to increase. As such, along with these recommendations, this Office was instructed to report back on alternative funding options and in particular on Public-Private-Partnerships (P3).

Most recently, on December 23, 2015, the CAO released a report entitled *Public-Private Financing Options for the Los Angeles Convention Center Expansion Project*, which recommended an alternative delivery and financing strategy for the expansion and modernization of the LACC. After a month of feedback and meetings with City stakeholders involved in the Project, this Office is releasing this Supplemental Report to amend and restate the next steps and recommendations of the original report released on December 23, 2015. This Supplemental Report also integrates and proposes amendments to the recommendations adopted by the City Council on December 15, 2015 (Attachment 1), with the intent of a consolidated set of recommendations for the Project.

Attachment

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the proposed Los Angeles Convention Center (LACC) Expansion and Modernization project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the total project budget for the Convention Center Expansion/Renovation Project of \$470 million.
2. DESIGNATE the City Engineer as the Program Manager for the Convention Center Expansion/Renovation Project.
3. INSTRUCT the Bureau of Engineering (BOE) to implement the project in logical phases, with issuance of the Notice to Proceed for any and all work to be issued following action by Council on the public-private partnership (P3) report.
4. DELEGATE the authority to the Board of Public Works to execute a sole source contract with Populous Inc., for architecture and engineering design services with a budget authority of \$33,537,590 for seven years.
5. AUTHORIZE the Board of Public Works to:
  - a. Enter into a construction management/general contractor contract with a guarantee maximum price for the Convention Center Expansion/Renovation Project, subject to Council approval.
  - b. Enter into a construction management/project management contract for seven years, subject to Council approval.
6. AUTHORIZE resolution authority for ten new positions in the Department of Public Works, subject to allocation by the Civil Service Commission and paygrade review by the Employee Relations Division, for the period December 1, 2015 through June 30, 2016, as follows:

<u>Public Works Bureau</u>	<u>Code</u>	<u>Classification</u>	<u>Quantity</u>
Bureau of Engineering	9489	Principal Civil Engineer	1
Bureau of Engineering	9485	Senior Civil Engineer	1
Bureau of Engineering	7925	Architect	1
Bureau of Engineering	7561-2	Building Mechanical Engineer II	1
Bureau of Engineering	7246-4	Civil Engineering Associate IV	1
Bureau of Engineering	7246-3	Civil engineering Associate III	1
Bureau of Engineering	9171	Senior Management Analyst I	1
Bureau of Engineering	1116	Secretary	1
Bureau of Engineering	1368	Senior Clerk Typist	1
Board of Public Works	1523-2	Senior Accountant II	1

7. DIRECT the Personnel Department to expedite the allocation of these positions for Civil Service Commission consideration.
8. AUTHORIZE the Controller to establish a new fund entitled Convention Center Expansion/Renovation in Department No. 50 to provide cash flow on a revolving basis and to receive and disburse funds for the project.
9. REQUEST the Controller to establish appropriation accounts within the new fund to transfer the appropriations, encumbrances, pre-encumbrances, and expenditures in the Convention Center Expansion/Renovation Project.
10. AUTHORIZE the City Administrative Officer (CAO) to make any technical corrections necessary to implement the intent of the Mayor and Council.
11. INSTRUCT the BOE and the Los Angeles Convention and Tourism Department to report on a semi-annual basis concerning status and progress of the LACC Expansion and Renovation project.
12. APPROVE the use of \$1.5 million of LACC Commercial Paper Program in a limited capacity to fund costs in Fiscal Year 2015-16 for the following:
  - a. \$1 million for BOE contractual services for California Environmental Quality Act related activities.
  - b. \$.5 million for BOE staffing (Six months for four full-time equivalent positions).

Fiscal Impact Statement: The Chief Legislative Analyst (CLA) reports that the recommendations in the CLA report have no fiscal impact. The CAO reports that its report is for informational purposes only. Should one of the options presented related to funding pre-construction costs be taken, the impact to the General Fund could potentially be \$1.5 million.

Debt Impact Statement: The CAO reports that in accordance with the City's Financial Policy, Debt Management Section, the maximum debt service payable in any given year may not exceed six percent of General Fund revenues for non-voted approved debt. As a general rule, for every 0.1 percent, approximately \$26 million in project financing may be issued. Based on this rule, the CAO estimates that it can issue approximately \$400 million of debt; however, this is an estimate and could change due to market conditions and future debt projects.

Community Impact Statement: None submitted.

**(Personnel and Animal Welfare and Budget and Finance Committees waived consideration of the above matter)**

### Summary

At the public hearing held on December 8, 2015, the Economic Development Committee considered reports from CLA and CAO relative to the proposed LACC Expansion and Modernization project. Staff from CLA and CAO gave the Committee background information on the matter. After an opportunity for public comment, the Committee recommended that Council approve the recommendations contained in the CLA report and selected Option No. 1 of the CAO report.

Personnel and Animal Welfare and Budget and Finance Committees waived consideration of the above matter. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "L. J. ...", is written above the committee list.

**ECONOMIC DEVELOPMENT COMMITTEE**

<b><u>MEMBER</u></b>	<b><u>VOTE</u></b>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	YES
MARTINEZ:	YES

SG  
14-1383\_rpt\_edc\_12-8-15

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**

1. APPROVE recommendations #1-8 and #10-14 in the February 4<sup>th</sup> CAO report

2. AMEND recommendation #9 to the following:

a. AUTHORIZE CAO, with the assistance of its P3 financial advisor, Arup Advisory Inc., CLA, CTD, and BOE to proceed with the detailed development of a Business Case for a Design-Build-Finance-Operate-Maintain (DBFOM) procurement integrated with a real estate development component for the Project, inclusive of architectural and engineering services in support of the business case, with consulting services of up to \$1.9M to be paid from the Capital Finance Administration Fund;

b. The Business Case documentation will ensure that the City's policies concerning Convention Center design, operations, and maintenance enhance priority convention uses and event experience, efficiency, and flexibility, and that the City maintains design control to ensure implementation of these policies;

c. The Business Case document's project description will prohibit residential uses;

d. The Business Case will affirm the City's booking policy, with a priority on citywide events that attract out-of-town visitors;

4. DIRECT CAO to report back to Committee once the Business Case has been developed and prior to issuing an RFQ/RFP for the P3;

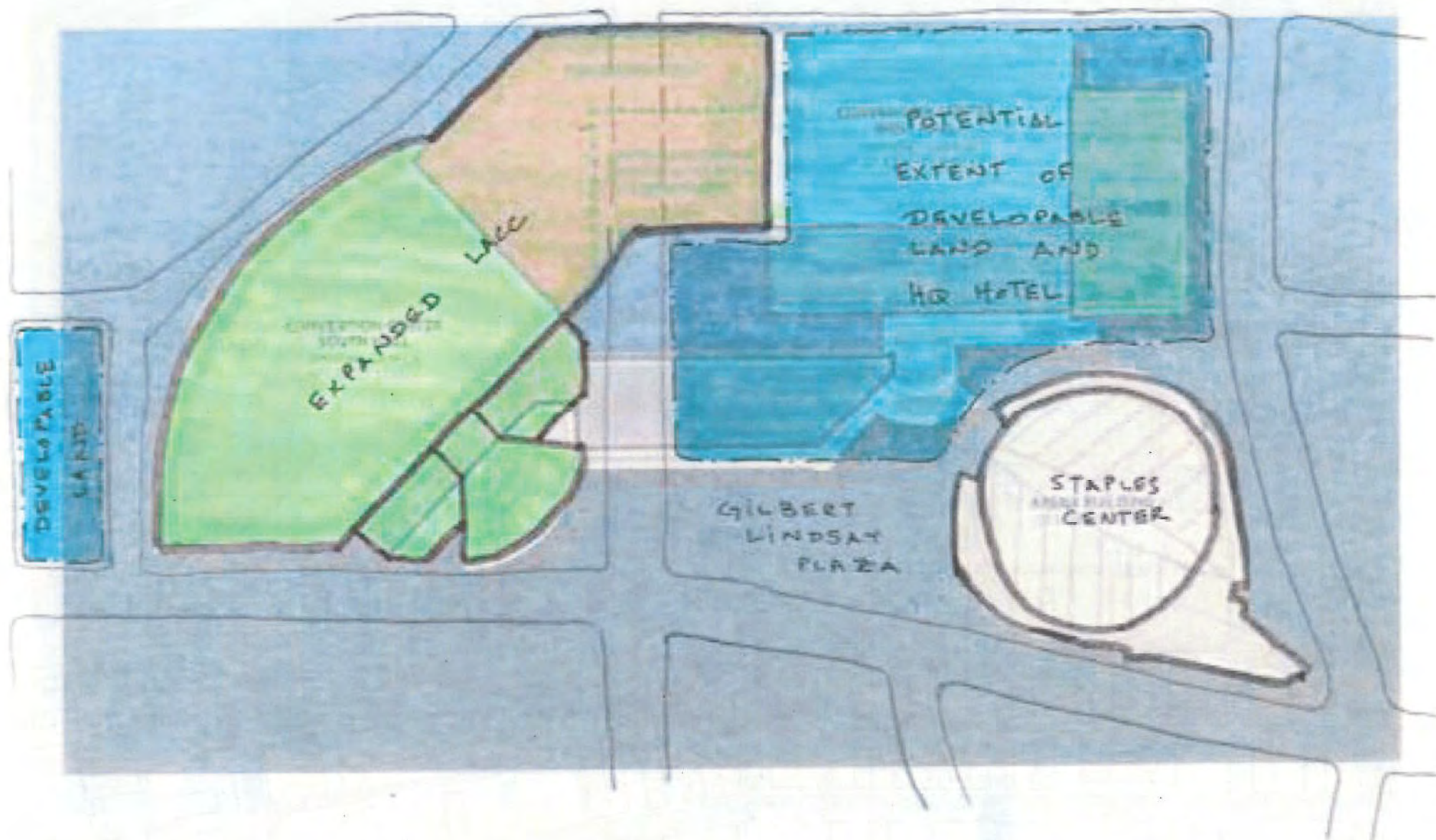
5. DIRECT CAO to report back to Committee in 30 days with details of the impact the LACC modernization and expansion project will have on the City's debt capacity, including other Council approved projects affecting the debt capacity, potential to phase in the project, and the impact of the signage, naming rights, and on-site hotel development on the project costs and debt capacity;

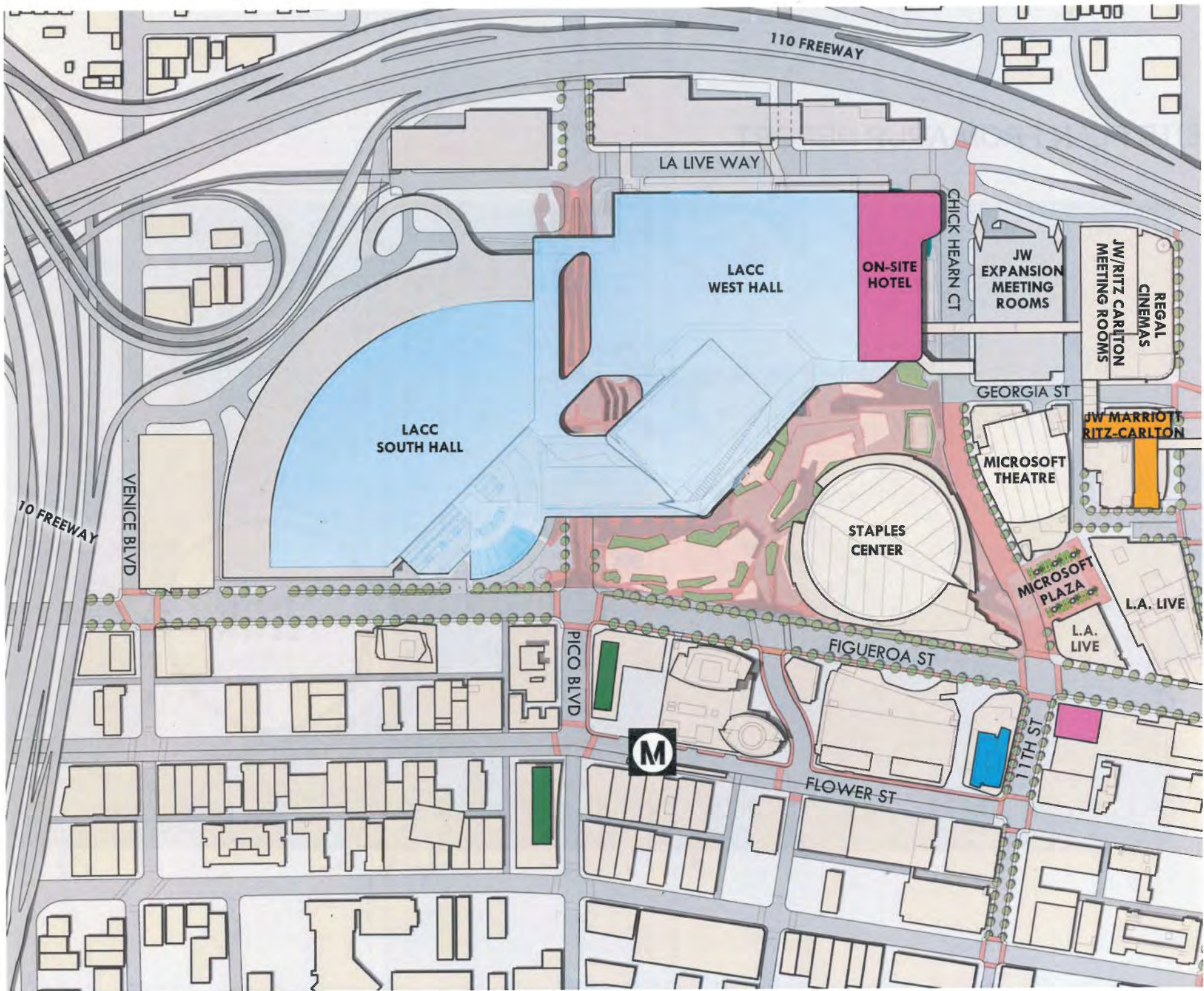
6. Instruct the CTD and CAO to report on the status of the private management contract and impacts of the P3 on that contract;

7. Instruct the CAO and CLA to report on the fee structure that is negotiated in a P3, including cost controls and performance metrics;

8. Instruct the CAO, with BOE, CTD, and other Departments as necessary, to report on the staffing needed to support the traditional LACC project compared to the staffing needed to support the P3 procurement and development process, including costs.

## SITE PLAN FROM ARUP REPORT





110 FREEWAY

LA LIVE WAY

CHICK HEARN CT

LACC WEST HALL

ON-SITE HOTEL

JW EXPANSION MEETING ROOMS

JW/RITZ CARLTON MEETING ROOMS

REGAL CINEMAS

LACC SOUTH HALL

GEORGIA ST

MICROSOFT THEATRE

JW MARRIOTT RITZ-CARLTON

STAPLES CENTER

MICROSOFT PLAZA

L.A. LIVE

L.A. LIVE

FIGUEROA ST



FLOWER ST

11TH ST

10 FREEWAY

VENICE BLVD

PICO BLVD

## City of Los Angeles: HQ Hotel RFI

### DEVELOPER QUESTIONS

February 11, 2016

**Q1:** Is the hotel subject to a separate EIR/CEQA approval or will it be combined with the convention center? *[In reading the status of the convention center process, it appears that neither have really started for that project.]*

**A:** Although subject to change, the EIR/CEQA for the Convention Hotel is being considered as one of the options to the Convention Center expansion project.

**Q2:** Must we <the development team> register on the BAVN network?

**A:** All interested applicants should be registered with BAVN.

**Q3:** Please make available all the Populous images for the expansion.

**A:** The images are now available on both the EWDD website and BAVN.

**Q4:** What is the size of Site A and of Site B? Please provide the dimensions of the sites.

**A:** Refer to the attachments "2015-09-16 Parcel Exhibit.pdf" and "Hotel Map\_RFI Update 1602-10-1.pdf" located on both the EWDD website and BAVN.

**Q5:** What is the maximum buildable square footage on each site? What areas, if any, are excluded from the GFA calculation (i.e. parking, mechanical areas, elevator shafts, etc.)?

**A:** These issues will be addressed in the next phase of the process.

**Q6:** Is there a minimum amount of meeting space that is required in the HQ Hotel, or are there any specific requirements regarding the size and quantity of the meeting facilities in the HQ Hotel?

**A:** No, not at this time. As stated on page 3 of the RFI, the City of Los Angeles expects the Convention Hotel shall offer the customary amount of function space required to support the property, typically in the range of 75 to 125 net square feet of total function space per key. The City fully anticipates that all proposed hotels will offer sufficient function space to support a successful property, including one or more ballrooms, break-out meeting rooms, pre-function space, and other function areas.

**Q7:** Are there any parking spaces from the Convention Center that can be allocated to the Headquarters Hotel? If so, how many parking spaces are available?

**A:** Yes. The City anticipates that a number of existing spaces may be made available or allocated to the Convention Hotel. The number of spaces is subject to negotiation.

**Q8:** Do the 1,000 hotel rooms need to be single-branded or can they be dual-branded?

**A:** Dual-branded hotel properties will be considered.

**Q9:** Is the construction of branded residences permitted on either site?

**A:** Yes, submittals that include branded residences will be considered.

**Q10:** If Site A is the site selected to develop the 1,000-room Convention Headquarters Hotel, what would be the development plan for Site B?

**A:** Site A (also referred to as the "Chick Hearn Site") remains the City's preferred site for the Convention Hotel. Site B was included for consideration in the RFI to allow for the potential of creative input from the development community. However, Site B (also referred to as the "Venice Parking Structure") currently supports a 1,200-space parking garage. The City's strong preference is to maintain that garage into the foreseeable future and views Site B more as long-term potential for another convention hotel if and when the market can support it.

**Q11:** Although not mentioned in the RFI, is the area along South Figueroa Street directly in front of the Center a possibility for the Convention Hotel?

**A:** Yes, the City will consider submittals that contemplate use of this area, also referred to as "Gilbert Lindsay Plaza." However, a compelling case would need to be made as to the advantages the Lindsay Plaza site has over Site A.

**Q12:** Would the City consider a design concept that envisioned the hotel to cantilever out beyond the footprint of a specific site?

**A:** Yes. Although the entire plan will ultimately be subject to City design and engineering considerations, if a Development Team believes that a design can be improved by cantilevering, then they are encouraged to do pursue that option. Development Teams should allow for thinking that includes cantilevering 360 degrees around the project. Please keep in mind that drawings and renderings are not required or expected at this RFI stage.

**Q13:** Is the submittal of a specific Architectural and Construction Team for the RFI response binding for the subsequent RFQ response?

**A:** No. Developers may elect to modify their Team members for subsequent phases of the selection process (RFQ/RFP).

**Q14:** Can respondents submit multiples Architectural and Construction Team options?

**A:** Yes.

**Q15:** What are the proposed terms of the lease for each site?

**A:** The lease terms are subject to negotiation and will be determined during future phases of the developer selection process.

**Q16:** Do you foresee implementing a public financial incentive program (i.e. tax rebates/incentives, bond issuance, etc.) to support the development of the HQ Hotel?

**A:** The City will consider all financing options in the development of the Convention Hotel. Although incentive tools are not an entitlement to the proposed Convention Hotel, the City Council had previously approved financial assistance for five existing hotel projects analyzed within the City's Block Grant Infrastructure Fund (BGIF) Policy framework. The BGIF Policy, approved in 1998, includes guidelines to provide financial support to a range of economic development projects. This policy includes requirements that determine whether a project has a financial gap, the amount of assistance that can be provided (no more than 50% of net new site specific revenue), and the benefits to the City that warrant assistance. The City is also considering options for an Economic Development Incentive Policy for Hotel Development. The degree of subsidy required may be a relevant factor in the City's developer selection process.

**Q17:** Must a Development Team submit a response to this RFI in order to be permitted to submit to future phases (RFQ or RFP)?

**A:** No. However, all Development Teams interested in pursuing this prospective project are strongly encouraged to respond the RFI. Part of the City's decision-making process is to determine the best partner with which to move forward. That process begins with the RFI and those Development Teams who submit a response will be viewed as acting in good faith towards enhancing that partnership.

# THE LOS ANGELES CONVENTION CENTER HOTEL DEVELOPMENT

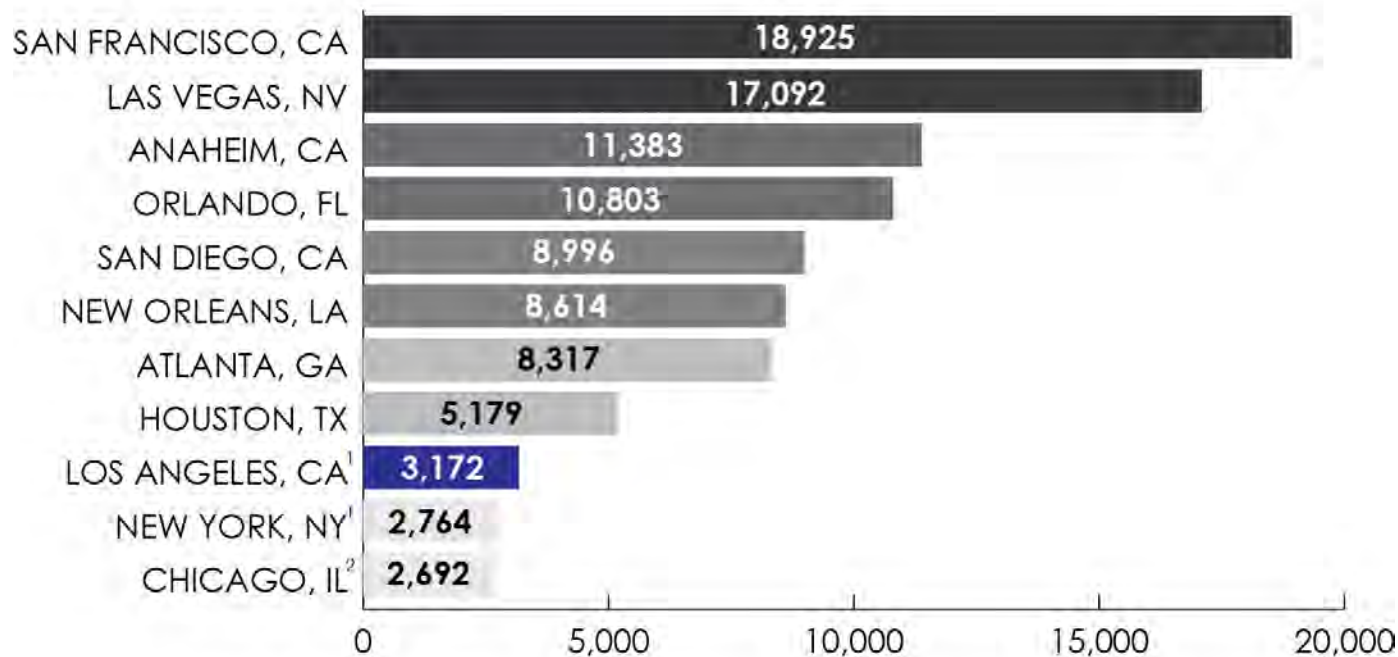


DEPARTMENT OF  
**CONVENTION &  
TOURISM DEVELOPMENT**

CITY OF *Los Angeles*

GOAL: 8,000 TOTAL HOTEL ROOMS  
WITHIN WALKING DISTANCE OF  
THE LACC BY 2020

## HOTELS WITHIN WALKING DISTANCE OF CONVENTION CENTERS COMPETITIVE AND COMPARABLE FACILITIES



Reported by CSL, 2015

1. Reported by CTD Department, 2015

2. Reported by CSL, 2014

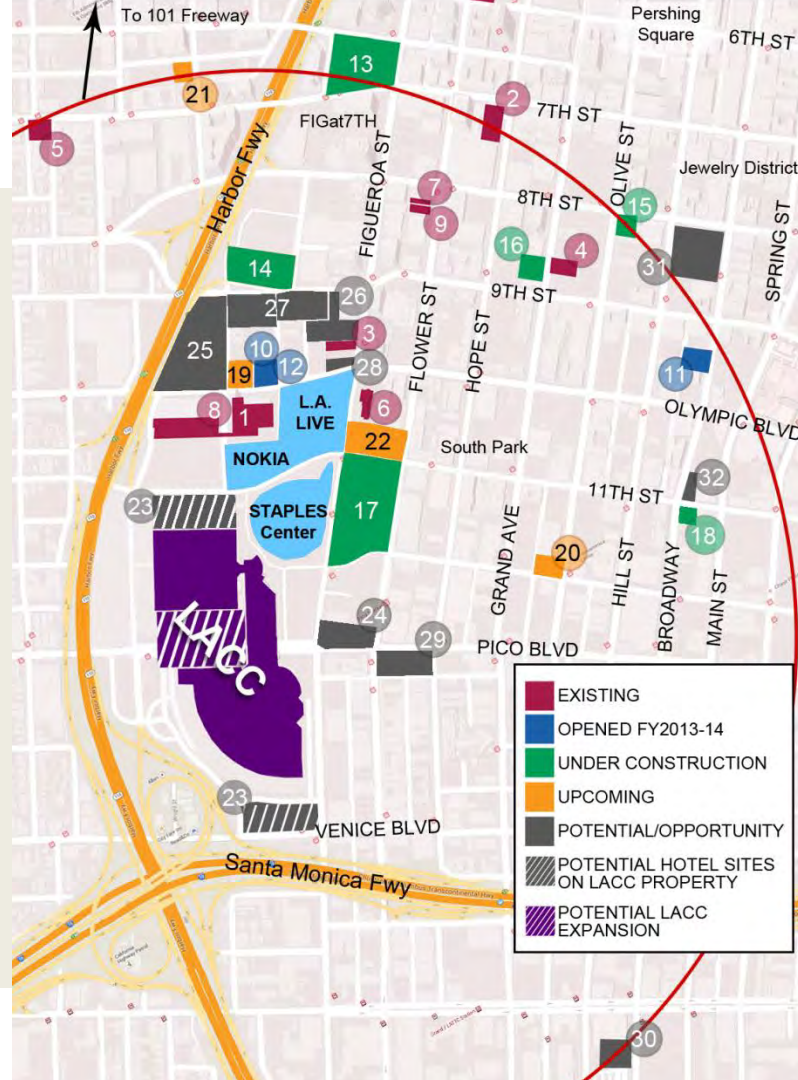
EXISTING AS OF JULY 1, 2013		
1	JW Marriott Los Angeles L.A. LIVE	878
2	Sheraton Los Angeles (The Bloc)	485
3	Figueroa Hotel*	285
4	Stillwell Hotel	232
5	Mayfair Hotel	215
6	Luxe City Center Hotel	175
7	Ritz Milner*	137
8	Ritz-Carlton, Los Angeles	123
9	O Hotel	67
Subtotal		2,597
OPENED FISCAL YEAR 2013-2014		
10	Residence Inn Los Angeles L.A. LIVE	219
11	Ace Hotel	182
12	Courtyard Los Angeles L.A. LIVE	174
Subtotal		575
TOTAL EXISTING		3,172

UNDER CONSTRUCTION		
13	InterContinental Los Angeles Downtown	900
14	Metropolis	350
15	Freehand Hotel and Hostel	226
16	Esplendor Trinity Hotel	183
17	Oceanwide Plaza	183
18	The Downtown LA Proper (Case Hotel)	148
Subtotal		1,990
UPCOMING		
19	JW Marriott Expansion	755
20	dtLA South Park	300
21	Home2 Suites	143
22	W Hotel (Figueroa North)	125
Subtotal		1,323
OPPORTUNITY SITES		
23	LACC	1,000
24	Pico Blvd + Figueroa St	750
25	Olympic West	600
26	Genting Property	600
27	9th Street Sites	400
28	Olympic Tower Hotel (Car Wash Site)	373
29	Pico + Hope/Flower	350
30	The Reef (LA Mart	208
31	Waterbridge (Broadway Trade Center)	200
32	Hoxton Hotel	150
Subtotal		4,631
TOTAL FUTURE		7,944

**GRAND TOTAL 11,116**

\*Currently undergoing renovations

# WITHIN WALKING DISTANCE OF THE LACC



# PICO BLVD + FIGUEROA ST (HOOTERS SITE)



# CIRCA (FIGUEROA SOUTH)

2018

**0 HOTEL ROOMS**  
**648 CONDOS**  
**50,000 SQ FT RETAIL**



# OCEANWIDE PLAZA (FIGUEROA CENTRAL)



2018

**183 HOTEL ROOMS  
504 CONDOS  
166,000 SQ FT RETAIL**



# FIGUEROA NORTH (SHENZHEN HAZENS)

2020

**300 HOTEL ROOMS  
(125 NET NEW ROOMS)  
650 CONDOS (PHASED)  
80,000 SQ FT RETAIL**



# INTERCONTINENTAL (WILSHIRE GRAND)

2017

**900 HOTEL ROOMS**  
**0 RESIDENTIAL**

**45,100 SQ FT RESTAURANT/RETAIL**  
**400,000 SQ FT OFFICE SPACE**



# METROPOLIS



2016

**350 HOTEL ROOMS  
1,550 CONDOS (PHASED)  
74,000 SQ FT RETAIL (PHASED)**



# JW MARRIOTT EXPANSION

2018

**755 HOTEL ROOMS  
0 RESIDENTIAL  
17,800 SQ FT RETAIL**



# OLYMPIC WEST



**ROOM COUNT TBD**  
**BRAND TBD**



EXISTING AS OF JULY 1, 2013		
1	JW Marriott Los Angeles L.A. LIVE	878
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\*Currently undergoing renovations

# LACC ON-SITE HOTEL



**ROOM COUNT TBD**  
**BRAND TBD**