

BOARD OF LOS ANGELES DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

Commissioners: Jon F. Vein, President; Otto Padron, Vice President; Bricia Lopez; Noel Hyun Minor; David Stone

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 one minute per speaker.

Regular Meeting Wednesday, July 15, 2020 9:00 a.m.

Dial in number 1-669-254-5252 Meeting ID: 160 803 9194

- 1. CALL TO ORDER / ROLL CALL
- 2. VOTE FOR 2020-2021 BOARD POSITIONS

3. COMMENTS FROM THE PUBLIC

- a. General and Agenda Item Public Comments To make a public comment, dial the number again, enter the meeting ID#, then press *9. Limit is one minute per speaker, per item.
- b. Neighborhood Council representatives on any Neighborhood Council Resolution or Community Impact Statement filed with the City Clerk which relate to any agenda item listed or being considered on this agenda for Board of Los Angeles Department of Convention and Tourism Development Commissioners

4. APPROVE MINUTES:

a. Approval of the regular meeting minutes from June 3, 2020

5. **REPORTS**:

- a. Executive Director Report
- b. ASM Update
- c. LATCB Update

6. DISCUSSION:

a. None

7. ACTION ITEMS:

 Event Policy Recommendations for the Los Angeles Convention Center – Board Report #20-003

8. ADJOURNMENT

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 via email request to lactd@lacity.org.

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.

BOARD OF LOS ANGELES CONVENTION AND TOURISM DEVELOPMENT COMMISSION

Regular Meeting Minutes June 3, 2020

The Board of Los Angeles Convention and Tourism Development Commission (Board) convened a regular meeting on Wednesday, June 3, 2020 at 9:00 a.m. via Zoom.

PRESENT:

President Jon F. Vein
Vice President Otto Padron
Commissioner Bricia Lopez (joined at 9:33 am)
Commissioner Noel Hyun Minor
Commissioner David Stone

ABSENT:

PRESENTERS:

Ellen Schwartz, ASM Ben Zarhoud, ASM Doane Liu, CTD Victoria Wigle, CTD Darren Green, LATCB

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:05 a.m.

Item 2a. Public Comment

None

Item 2b. Neighborhood Council

None

Item 3a. Approval of the regular meeting minutes from May 6, 2020 UNANIMOUSLY APPROVED BY ROLL CALL VOTE

Item 4a. Executive Director Report

Mr. Doane Liu provided an overview of his activities since the last Board meeting, which included: hosting a series of Tourism Recovery Roundtables as a follow up to Tourism Master Plan; meeting with MLB and GSMA to discuss rebooking options. Mr. Liu also provided an update on the CTD budget and the use of the LACC as a National Guard and mutual aid location. Mr. Liu provided an update on expansion, which is progressing, noting the early works package has been tabled indefinitely, the final P3 agreement document is

Board of Los Angeles Convention and Tourism Development June 3, 2020 Page 2 of 3

expected to be completed in winter but will need to revisit final assumptions, but there may be a seven to eight month delay.

Item 4b. ASM Monthly Update

Ms. Ellen Schwartz reported that in April LACC had hosted no events but a portion of South Hall was used at an Emergency Medical Facility, licensed from April 6 – June 15. Ms. Schwartz also reported that Levy, LACC's food and beverage provider, is supporting the City by providing meals for seniors and Project Room Key, with the assistance of Melissa's Produce in delivering the meal throughout the City. Ms. Schwartz stated that the LACC is pursuing GBAC STAR accreditation, which is the cleaning industry's only outbreak prevention, response and recovery accreditation for facilities.

Mr. Ben Zarhoud presented the financial data for April, reporting an operating loss of \$0.8M for the month, \$.07M in gross revenue as a result of rent from the FMS and a deal with Enterprise to store vehicles. Mr. Zarhoud reported \$1.33M in operating expenses while monitoring and evaluation of costs continues. Mr. Zarhoud reported a 24% occupancy rate and a 50% occupancy year-to-date. In response to President Vein's question about the state of the reserves, Ms. Schwartz responded that forecasting no or reduced capacity events through the fiscal year the reserves will last through May 2021, noting that more cost cutting will occur by fiscal year end including furloughs and renegotiated contracts. Ms. Schwartz noted that there is currently no official open for events date and LACC is waiting for further directives from the County, which is troublesome for clients as most events require extensive planning, this may lead to clients looking to other cities for their events.

Item 4c. LATCB Monthly Update

Mr. Green updated the Board on the changes to the Citywide Sales team and reported that LATCB processed 153 leads YTD and have booked 322531, room nights, with year-end goals of 220 leads and projected 390,000 room nights, noting that while leads are behind last year the room nights are still ahead of last year. Mr. Green reported several groups are booking well beyond the expected containment period, that groups want to move forward but are tempered by how to move forward, with most waiting to see how the first large convention, scheduled for June in Orlando, progresses. Mr. Green reported that the last of the 2020 events are influx, with ADOBE changing to a fully virtual event this year but has committed to 2022-2025 and will be committing to 2026-2020 and GSMA postponing to 2021 and will be committing to 2022-2025. Mr. Green provided an overview of meeting/events and hotel post COVID-19 health and safety protocols, samples of competitive destinations' phased reopening plans, and customer confidence data. Mr. Adam Burke added that the DineLA program is revisiting logistics and profitability given the current County guidelines.

Board of Los Angeles Convention and Tourism Development June 3, 2020 Page 3 of 3

Item 4d. CIP Update

Ms. Victoria Wigle presented the CIP summary which included a review of recently closed projects as well as a progress report on active projects.

*Item 5. Discussion*None

*Item 6a. Action Items*None

ADJOURNMENT

The meeting was adjourned at 10:07 a.m.

LOS ANGELES CONVENTION CENTER MONTHLY UPDATE FOR

MAY 2020

ELLEN SCHWARTZ





MAY SPECIAL EVENTS

EVENT:

- Enterprise Car Rental
 - March 17 July 31
 - Venice Garage and South Garage
 - Storing 3,000 cars
- Emergency Medical Facility
 - o April 6 July 31
 - o South Hall GH
- National Guard
 - May 31 June 07
 - South Hall JK and West Hall AB
 - Provide security during the BLM protests

LACC MAY 2020 FINANCIALS

OPERATING SURPLUS (LOSS):

- (\$0.38) million (before approved City Reimbursements, A & I and Capital Projects)
- \$0.52 million below budget
- \$0.34 million below prior year

REVENUES:

- \$1.17 million gross revenue (before discounts and service provider share)
- \$0.81 million net revenue
- \$1.24 million below budget and \$0.95 million below prior year



LACC MAY 2020 FINANCIALS

OPERATING EXPENSES:

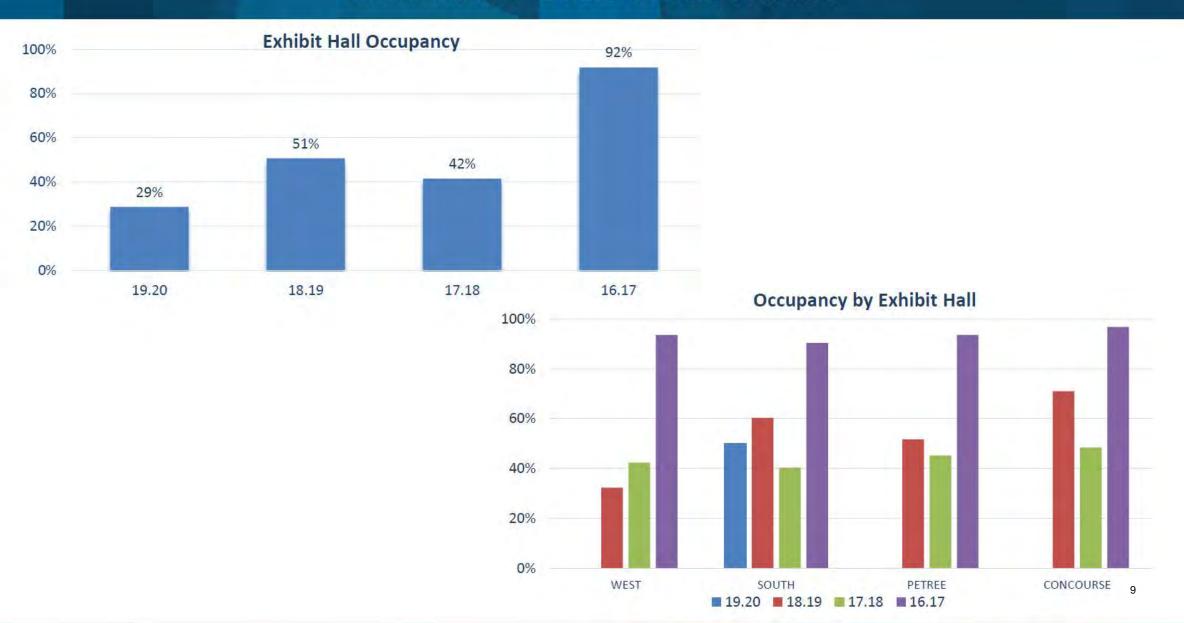
- \$1.19 million (before approved A & I, Capital Projects, and City reimbursement)
- \$0.72 million below budget and \$0.61 million below prior year



CITY REIMBURSEMENT - \$0.3M (excluding Utility User Tax)

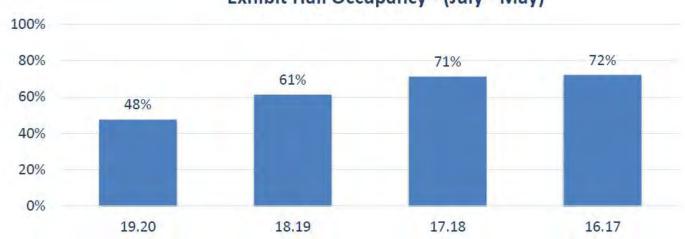
Capital and Alterations & Improvements

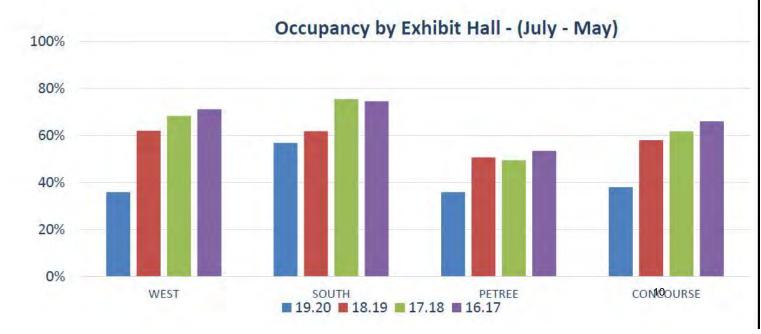
LACC MAY 2020 OCCUPANCY



LACC YTD 2019/2020 OCCUPANCY









OUR LOS ANGELES STORY



Over 867,000 square feet of event space



Host over 300 events annually



Employ 230 full-time and part-time staff



Support livelihood of countless hospitality, tourism, union labor, contractors and vendor in LA County



SMART INFECTION CONTROL

ENVIRONMENTAL HYGIENE A SAFE WORKPLACE THE ART OF THE SHOW

FOOD SERVICE

COMMUNICATION
AND PUBLIC
AWARENESS

Our commitment on this journey is to remain relevant in LA's economic vibrancy by creating amazing event experiences within a safe and healthy venue to ensure the well-being of all who come through our doors. We will accomplish this (6) focused mile markers.





SMART INFECTION CONTROL

In all aspects of business at the LACC, we will ensure compliance with basic protocols required by the LA County Department of Public Health.

- Wear face masks
- Maintain 6' physical distancing
- Wash hands for a minimum of 20 seconds frequently
- Monitor and isolate those who are ill and present symptoms
- Employ contact tracing

ENVIRONMENTAL HYGIENE

We will maintain the highest standard of cleanliness and safety to inspire consumer confidence with a three-prong approach that encompasses the industry's most comprehensive programs.











ENVIRONMENTAL HYGIENE

ASM Global VenueShield

GOAL

Create an ASM Global branded program for venue re-openings post-COVID-19 crisis, including best practices for keeping facilities clean and certified at the highest standards for the safety and health of our associates and customers.

DESIRED RESULT

Instill the highest level of confidence possible in ASM Global venues among all constituents, including clients, talent, guests and associates.



ENVIRONMENTAL HYGIENE



Global Biorisk Advisory Council – GBAC Star Facility Accreditation

- A division of ISSA The Worldwide Cleaning Industry Association
- The gold standard of safe venues validating the implementation of rigorous protocols in response to biorisk situations. Venues earning this accreditation are:
 - Established and maintained a cleaning, disinfection, and infectious disease prevention program.
 - Use proper cleaning protocols, disinfection techniques, and work practices to combat biohazards and infectious disease.
 - Highly skilled cleaning professionals who are trained for outbreak and infectious disease preparation and response.



A SAFE WORKPLACE

THE LACC TEAM

- All-staff return to work orientation
- Staff health screening
- Implement infection control practices in all we do.
- Reconfiguration of work stations and communal areas.
- Safe use of work equipment.
- Communication and training.
- Use automatic sliding doors exclusively at main entrances.
- Clear effective signage about infection control.
- Strike all lounge sitting areas in lobbies.
- See something, say something, do something.



A SAFE WORKPLACE

CONTRACTORS

- Reopening orientation for LACC authorized contractors.
- Contact tracing
- Comply with LACC infection control protocols.
- Provide hand sanitizers and proper PPE for contractor staff.
- Health monitoring of labor staff.
- Labor calls must consider safe staffing density.
- Safe use of equipment and tools.
- Maintain cleaning and sanitation standards outlined in LACC Blue Tower Program.
- Communication and training.
- Report illness immediately send home.





THE ART OF THE SHOW

The LACC will work with event organizers to implement innovative ideas to maintain physical distancing and adjust our event operation standards to ensure events are produced with public health protocols in the forefront.

WE WILL ADJUST AS EACH EVENT IS UNIQUE

ARRIVING AT THE LACC

- Transparent communication with clients.
- Adjust site visit procedures.
- Implement touchless POS at parking garages.
- Signage and hand sanitizing stations in garages.
- Cleaning and disinfection of hotel transportation shuttles.



THE ART OF THE SHOW

NEW EVENT SERVICES GUIDELINES

- Adjusted capacities to accommodate physical distancing.
- Each floor plan will be reviewed by LACC & Fire Marshal.
- Eliminate head table water service and table linens.
- Promote hybrid event programming.
- Virtual pre-con and planning meetings.



THE ART OF THE SHO

BEST PRACTICES FOR OUR LICENSEE

GENERAL HEALTH

- Effective pre-event and onsite communication.
- Enforce infection control.
- Support contact tracing.
- Use 6' physical floor graphics throughout event.
- EMT staffing for all events with 100+ people.

REGISTRATION

- Capacity will be lower.
- Mail badges in advance.
- Digital badges.
- Stagger registration hours.
- Extend registration hours/days.
- Use protective clear barriers at registration counters.
- Eliminate sponsored event materials and swag.

GENERAL SESSION & MEETING ROOMS

- Clean & sanitize lecterns, laptops & mics after each use.
- Adjust programming timelines to accommodate proper cleaning & disinfection between sessions.
- Creative programming to avoid back-to-back sessions in the same room.
- Exclusively offer session material in digital format.
 Do not use paper handouts or collateral.

EXHIBITS & TRADE SHOW

- Add hand sanitizing stations to the show floor.
- Wider aisles and/or oneway aisles.
- Staggered, timed access.
- Reverse tradeshow model.
- Be mindful and prepare for density.
- Use event security to enforce physical distancing.
- Add floor graphics to manage traffic and enforce physical distancing.
- No food sampling and promotion giveaways allowed.
- Prepare to open doors earlier.
- Mandate enhanced standards of cleaning contractor.



DBOTH

Considerations

Levy has assessed and will continue to monitor the below focus areas as an organization. Each strategic and tactical area has a working group that will coordinate with on-site leaders to build out a comprehensive plan for each topic that is specific to you.

Health & Safety



PPE

Sanitation

Signage

Operations

Concessions & Restaurants & Cafes



Service Ware & Utensils

Condiments

Beverage

Menu Engineering



Service Ware & Utensils

Carts & Tables

Furniture

Beverage

Menu Engineering

Technology Premium Ops Strategy



Transactional

Automation Operational

People Tech

People







In-Venue

Entry

Training Food



Staff

Guests

Partners

Media

TASTE



FOOD & BEVERAGE

Taste of LA by Levy is the exclusive food & beverage operator at the Los Angeles Convention Center. Other LA venues Levy provides food & beverage services:

- Dodger Stadium
- STAPLES Center
- Microsoft Theater
- Dignity Health Sports Park
- The Center at the LA Cathedral Plaza





ELEVATED FOOD & BEVERAGE OPERATIONS

- Dedicated taskforce
- Staff health screening & all required PPE will be provided.
- Updated receiving protocols to be inline with state guidelines.
- Café seating areas will be adjusted to accommodate physical distancing.
- Frequent cleaning & sanitation of POS terminals. Touchless options are being reviewed.
- Concession counters and portables cleaned & sanitized every 15 minutes.
- Enhanced cleaning standards to comply with the LACC Blue Tower Program, VenueShield and GBAC.
- Bulk & pre-packaged offerings on menus.
- Chef's tables & buffets served by Levy staff.
- Self-serve options will be pre-packaged.
- All condiments will be served in personalconsumption packaging.





COMMUNICATION & PUBLIC AWARENES

We will inform, educate and provide awareness to all those who enter our doors about the new normal. Our message will be deliberate and focused on the following areas.

- STAFF AREAS
- PUBLIC AREAS
- WEBSITE & MEDIA
- EVENT COMMUNICATION

PROTECT YOURSELF & COWORKERS

FROM COVID-19



 STAY HOME IF YOU ARE SICK WITH A COUGH OR FEVER SYMPTOMS



 STAY 6 FEET AWAY FROM OTHER CUSTOMERS AND STAFF AS MUCH AS POSSIBLE



 USE A FACE COVERING WHILE YOUR ARE HERE



 WASH YOUR HANDS WITH SOAP OR SANITIZE YOUR HANDS AFTER CONTACT WITH FREQUENTLY TOUCHED SURFACES



Thank you for your participation in helping our Community combat the spread of COVID-19.



STAFF AREAS BACK OF THE HOUSE





PUBLIC AREAS

THANK YOU FOR KEEPING YOUR DISTANCE

PLEASE STAY 6' APART







HEALTH AND SAFETY REMINDERS

FOR YOUR SAFETY AND THE SAFETY OF OTHER GUESTS & STAFF



WEAR A FACE COVERING



KEEP 6' DISTANCE



AVOID TOUCHING EYES & FACE



WASH HANDS



USE HAND



AVOID HANDSHAKES









WEBSITE & SOCIAL MEDIA

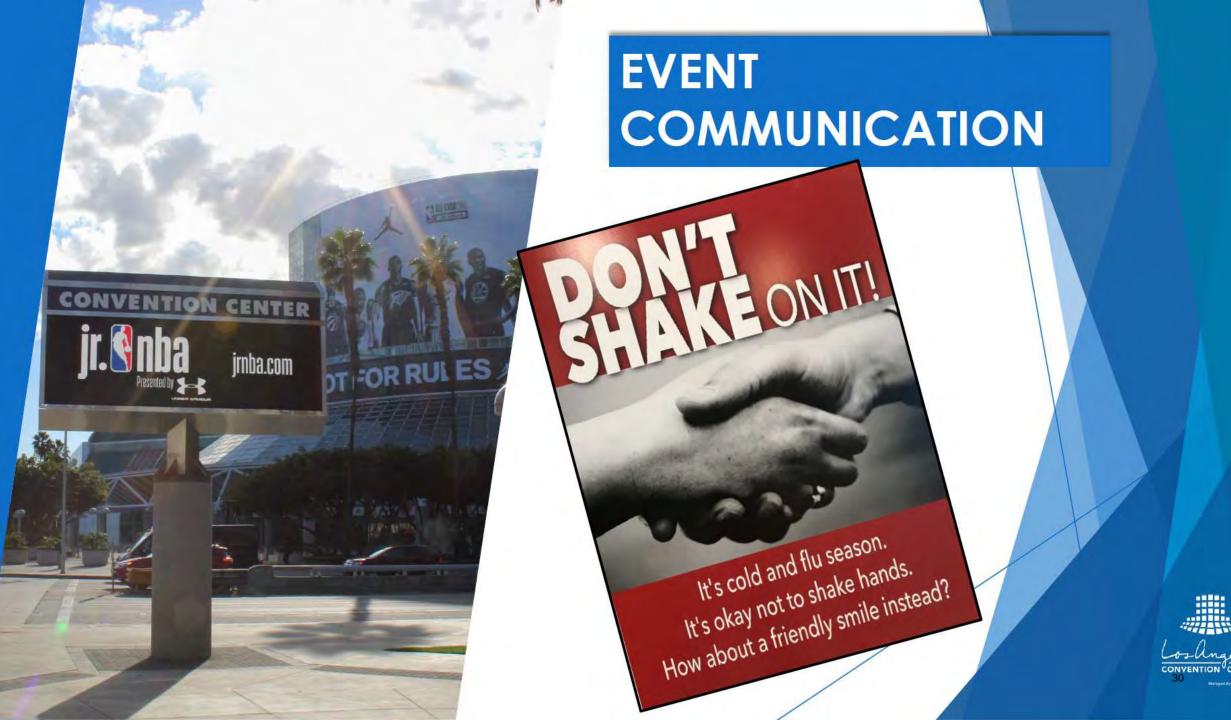


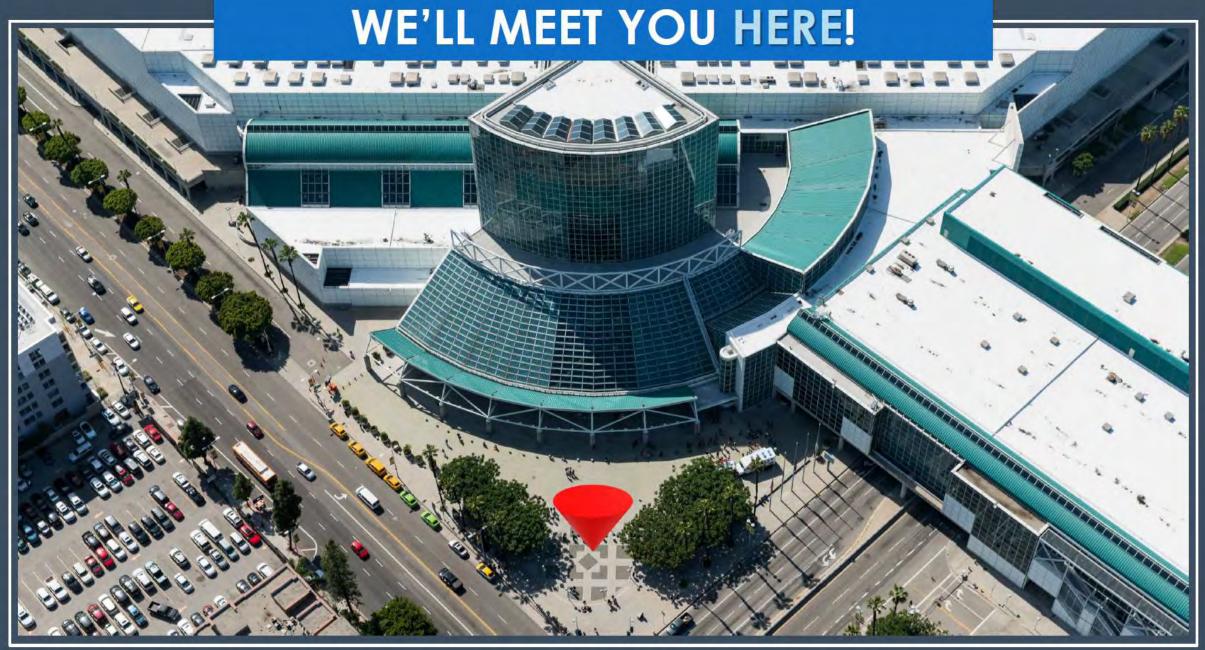


ADVANCE ONLINE, MOBILE, EMAIL & TEXT
COMMUNICATION TO ALL STAFF AND GUESTS

EDUCATIONAL MESSAGING, 'WHAT TO EXPECT' VIDEOS AND CONSISTENT REASSURANCE









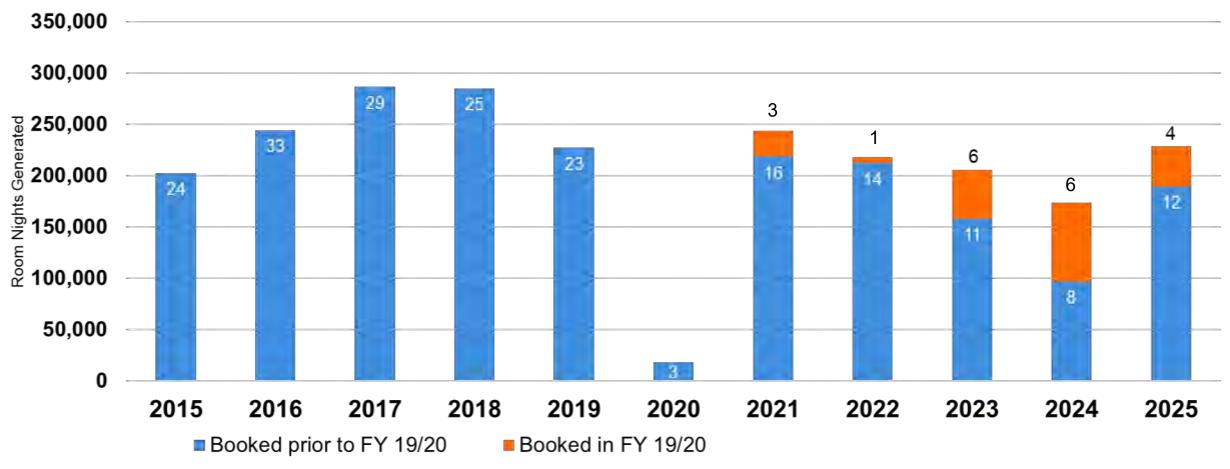
CITYWIDE CONVENTION SALES FY19/20 PRODUCTION RESULTS

Lead Production	Leads Actual
FY 19/20 Goal	220
FY 19/20	160
FY 18/19	221

Booked Room Nights Produced	RNs Actual
FY 19/20 Goal	390,000
FY 19/20	460,331
FY 18/19	428,374

Dated June 30, 2020

CITYWIDE CONVENTION BOOKED ROOM NIGHTS 2015-2025 CALENDAR YEAR ARRIVAL DATE



RECENT BOOKINGS - 184,987 TRNs



GSMA, Ltd.

MWC Los Angeles 2021

October 26-28, 2021

18,025 Room Nights



Major League Baseball

MLB 2022 All-Star Week

July 14-19, 2022

12,185 Room Nights



MAX 2026-2030
October 5-7, 2026
October 6-8, 2027
November 1-3, 2028
October 23-25, 2029
October 2-4, 2030
27,560 Room Nights per year



American College of Physicians

ACP 2027 Internal Medicine Meeting

April 22-24, 2027

16,977 Room Nights

RECENT VIRTUAL SITES



American Pharmacists Association 2021 APhA Annual Meeting March 12-15, 2021 8,888 Room Nights



American Academy of Otolaryngology –
Head and Neck Surgery Foundation
2021 AAO-HNSF 125th Annual Meeting and OTO EXPO
October 3-6, 2021
20,984 Room Nights



United States Canadian Academy of Pathology 2022 USCAP Annual Meeting March 21-24, 2022 9,110 Room Nights

CITYWIDE GROUPS: Q1 2021

Company	Meeting Name	Dates	Attendance	Room Nights
Citrix Systems, Inc.	Summit	1/11/21 - 1/14/21	3,000	12,900
The Trade Desk	2021 Trade Desk Palooza	2/1/21 - 2/5/21	1,900	8,700
American Pharmacists Association – APhA	2021 APhA Annual Meeting	3/12/21 - 3/15/21	2,600	8,888
Conqur Endurance Group	LA Marathon – 2021	3/19/21 - 3/20/21	2,000	1,276
World Wrestling Entertainment, Inc.	Wrestlemania 37	3/25/21 - 3/28/21	4,000	12,253

HYBRID EVENT SOLUTION BRIEF

Partner in a non-competitive environment with like-minded destinations to create innovative opportunities for our mutual clients.

AASLD

AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES

- Look exclusively at clients that have cancelled or are actively exploring a hybrid format
- Create small regional meeting hubs in each destination to attract local attendance
- Tap into the local knowledge economy to highlight our intellect and access to incredible speakers
- Each destination to create a template for the hybrid platform and design a sociallydistanced layout for a hybrid meeting
- The model must be turnkey for clients Think CMP
- Use the formula multiple times over to create profitability for the venues
- Create multiple destination sales opportunities for the hybrid platform by targeting specific, mutually agreed upon clients









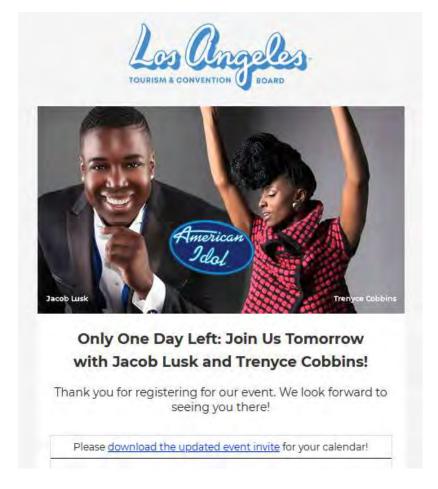


VIRTUAL CLIENT EVENTS



Thank you to Yoga Loft, Manhattan Beach for bringing that beautiful LA view to some of our East Coast clients and helping us all de-stress! Stay tuned for more virtual client events coming soon!





<u>Listening Lounge Client Event Video 7/8/20</u>



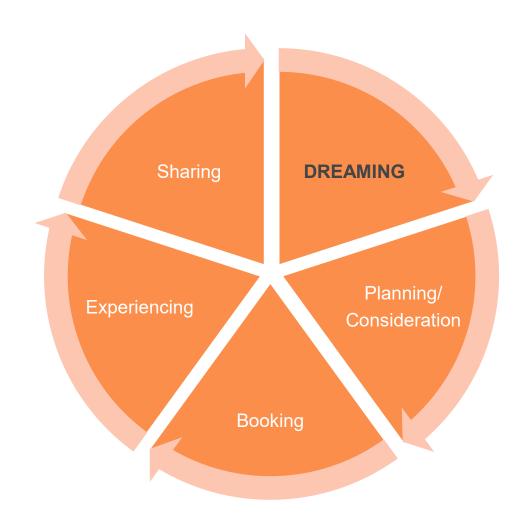
TRAVEL PHASES

The **Magic Hour** initiative was centered around **DREAMING** of Los Angeles.

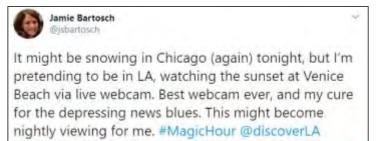
Magic Hour **reached more than 2 MILLION people** across the globe with more than 1 MILLION social engagements, and 10 virtual experiences reaching 150,000 people.

The landing page became the most visited section of the website.

Magic Hour was picked up across major media outlets including Travel + Leisure, Ad Week, NBC and international publications like the New Zealand Herald.



MAGIC HOUR EXPERIENCES









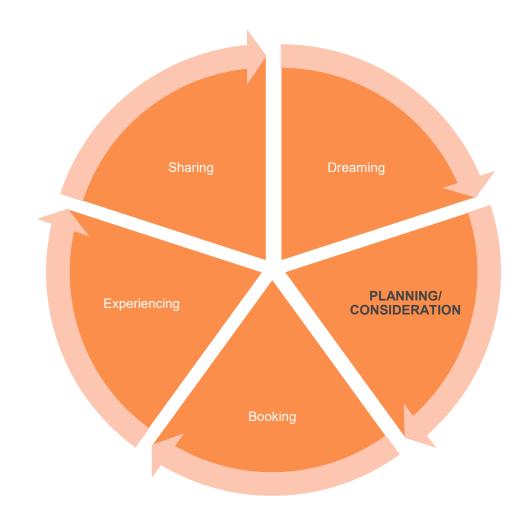




TRAVEL PHASES

As we prepare to reopen Los Angeles, we're looking to move into the next phase of the traveler journey ...

PLANNING/CONSIDERATION



SITUATION OVERVIEW

- L.A. has been under a "Safer at Home" order since March 19
- On May 29 restaurants were given the green light to open
- Many were forced to shutter the very next day due to protests
- On June 5, Governor Newsom's administration released guidance that allowed counties to reopen for leisure travel on June 12
- L.A. County Public Health gave the green light for leisure travel on June 12
- Our drive-market campaign is slated to begin soon



INSIGHTS

- 58% of American travelers agree they'll probably take a staycation this summer (Destination Analysts)
- Neighboring regions are targeting Angelenos with drive-market campaigns
- If every employed Angeleno spends 3 nights at an LA hotel, visits 3 museums, and dines at 3 restaurants, Angelenos have the power to create more than 20,000 jobs and put \$1.4 billion back into the LA economy.
- Creating news creates news
- Visit California will be Calling All Californians to jump-start tourism in early August

OPPORTUNITY

Tap our own backyard to "jump-start" the L.A. economy while we prepare to roll out the red carpet for drive-markets

MESSAGING FRAMEWORK

ANGELENOS CONCEPT				
"Rational"	"Emotional"	"Promotional"		
How to?	Why not?	Why now?		
What's Open	Doing something tangible to help my neighbors and city (show how tourism matters)	Special offers for Angelenos (landing page)		
Safety Measures	Doing something to treat myself	Perceived ease and safety		

If every employed Angeleno



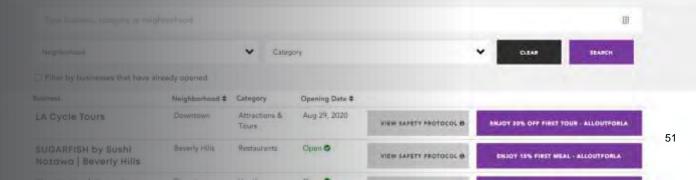




LANDING PAGE

As the health and safety of guests is paramount, Los Angeles Tourism is committed to providing residents and travelers with accurate and timely information about exploring the city safely. We are working closely with Los Angeles City & County officials and LAX Airport while also monitoring the latest developments from the CDC and LA County Public Health regarding the novel coronavirus (COVID-19).

LAX INFO MEETINGS INFO BUSINESS TOOLKIT SUBMIT BUSINESS



On this page, you'll find a variety of LA® assets that we hope you use to help amplify the campaign. Please be sure to tag #LA® and include @discoverLA when posting on social media.



LA♥ (PSA Video)

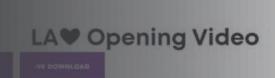
The :15 yersion can be used for Instagram Stories and the :90 can be added to IGTV.

ITS DOWNLOAD

30 DOWNLOAD

SE DOWNLOAD

190 DOWNLOAD





CAMPAIGN COMPONENTS









Safety & Angeleno Offers Landing Page

Spotlight on Local Tourism Businesses

Spotlight the Faces of Tourism in L.A.

Angeleno Tastemaker Tours (Like a Local)

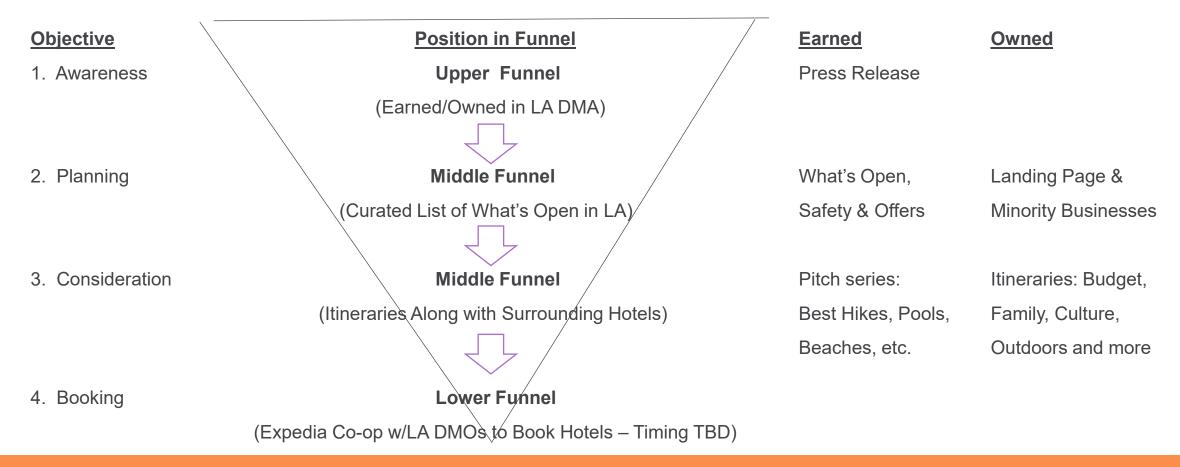


CAMPAIGN COMPONENTS

Outdoor Activities & Venues

HOLISTIC CAMPAIGN SNAPSHOT

Complementary earned media and owned asset execution for the "gap" month.





TIMING

- Date TBD: Launch LAV
 - Issue press release, go live with Safety Protocol/Offers Landing Page, and promote on social media
- Date TBD: EVERYONE IS WELCOME ... BACK Campaign launch
 - Featuring new itineraries

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

Date: July 9, 2020

To: Board of Los Angeles Convention and Tourism Development

Commissioners

From: Doane Liu, Executive Director

Department of Convention and Tourism Development

Subject: CITYWIDE EVENT POLICY RECOMMENDATIONS FOR THE

LOS ANGELES CONVENTION CENTER – BOARD REPORT #20-003

SUMMARY

On March 10, 2020, the pricing policy for the Los Angeles Convention Center (LACC) was updated for the first time since 2010 with Ordinance 186501, after this Board made recommendations for improvements and updates to the existing policy's language in the Los Angeles Administrative Code. However, during the following months, the novel coronavirus (COVID-19) and related travel restrictions, stay-at-home orders and a moratorium on mass gatherings have completely stalled the meetings and conventions industry as well as the leisure and hospitality sector.

In anticipation of the significant challenges that will continue within the meetings industry, in combination with the heightened competitive atmosphere post-pandemic and the upcoming proposed LACC Expansion and Modernization Project, the Department of Convention and Tourism Development (CTD) staff is recommending temporary emergency changes to citywide booking policies for the Board of Los Angeles Convention and Tourism Development Commissioners (Board) to consider in order to keep citywide events booked at the LACC to support the economic recovery of the City of Los Angeles.

BACKGROUND

As a result of the changed landscape, the average occupancy rate of City of Los Angeles hotels dropped by 60.0 percent year-over-year during May 2020, to reach 32.2 percent. This means two out of every three hotel rooms remained unused, whereas the pre-pandemic occupancy rate hovered around 80 percent. Average daily rate (ADR) decreased by 41.1 percent to reach \$108.07, and total room nights sold (demand) decreased by 65.6 percent to approximately 350,000. As a result, monthly transient

1

occupancy tax (TOT) General Fund receipts have decreased significantly. TOT has been one of the fastest-growing sources of revenue for the General Fund, but for this fiscal year, it will finish below prior year's total. According to the latest national lodging forecast revision published by STR, demand in hotel room nights will take until 2023 to reach pre-pandemic levels. ADR will have an even slower recovery timeline, potentially taking five years to reach full recovery.

The impact on employment was swift and drastic as well: the leisure and hospitality industry is the fifth largest super sector in Los Angeles County, normally employing over half a million people at hotels, restaurants, museums and entertainment venues. During May 2020, there was a 43.9 percent decrease in leisure and hospitality jobs compared to prior year, or a drop of 241,000; this accounted for more than a third of the total nonfarm job loss in Los Angeles County. The unemployment rate for Los Angeles County nearly quadrupled from a pre-pandemic level of 4.3 percent during February 2020 to reach 20.9 percent during May 2020. The June 2020 University of California Los Angeles (UCLA) Anderson Forecast projected that the United States and California will not return to peak 2019 employment levels until 2023. The leisure and hospitality sector is expected to have an even slower recovery, due to its dependence on international travel.

In observance of the moratorium on mass gatherings, event activity at the LACC has been suspended, with nearly all bookings cleared from the current calendar year. While the LACC has been able to find some unique and safe alternative uses for the facility, they do not come close to the loss in revenue and economic impact expected from the events that were cancelled from mid-March onward. During Fiscal Year 2018-19, citywide events were responsible for \$12.5 million in net revenue, which was 41 percent of the total revenue generated during the fiscal year. Registered delegates that attended these events booked an audited 226,600 room nights in the City's hotels, which generated \$8.7 million in TOT for the General Fund and \$483.7 million in total economic impact for the Los Angeles region.

Steps to reopen the economy have begun, and are determined by guidance and permission from various government agencies. However, even as more activities are allowed, the confidence to participate in or even organize such activities is tenuous, especially in the absence of a vaccine, therapeutic or a reduction in transmission of the virus. According to a survey performed by Destination Analysts during June 2020, 47.3 percent of American travelers "say they are done traveling until the coronavirus situation blows over". Furthermore, 74.5 percent of American travelers say "they are unlikely to attend any conferences or conventions until the coronavirus situation is resolved". A recent convention and tradeshow planner survey performed by Convention, Sports and

Leisure (CSL) indicated that combined event cancellation and postponement rates reach 83 percent by November of 2020, and continue between 50 and 65 percent through March of 2021.

Already under serious financial stress due to the pandemic, citywide clients are also facing a potential reduction in delegate registration and exhibitor participation. They may even refrain from holding their events altogether, or hold their event in another location, resulting in a loss of revenue for the City. Furthermore, other competitive destinations are likely to offer their own incentives, aiming to lure conventions away from Los Angeles for their own respective economic recoveries. With significant competition, and with consumer sentiment leaning toward a disinclination to gather, it is imperative that the City be flexible with organizations desiring to book events at LACC once mass gatherings are permissible, particularly considering the economic consequences that have already been incurred within the first few months of this crisis.

DISCUSSION

The following summarizes the proposed, temporary changes for the Citywide Discount Policy and discusses the economic benefits of such changes for the City in response to this crisis. These changes would also assist in preventing LACC from becoming potentially dependent on the General Fund due to loss of revenue, which would follow the eventual depletion of the LACC's Reserve Fund due to the lack of event activity. Only citywide events would be eligible for consideration for these measures, as they bring significant economic benefits to the City. This proposal was developed with feedback from the Los Angeles Tourism & Convention Board, the organization that is contracted to book citywide events, and with AEG Management LACC, LLC, the private operator of the LACC. CTD recommends that these terms be carried through December 31, 2024, which has been forecast as the potential timeline for recovery.

These proposed changes also take into consideration the upcoming proposed LACC Expansion and Modernization Project. With the expansion of the site approaching, it is critical that there are tools to assist with the creation and retention of bookings during construction and as the completed facility ramps up to fully optimized operations.

These proposed changes are not meant to result in automatic benefits for all eligible citywide clients. Rather, whether to utilize these measures and the extent to which they are applied will be considered on a case-by-case basis and should only be utilized if absolutely necessary to retain and book business.

Rent Discounts

Currently, the Citywide Discount Policy in the City's Administrative Code allows rental rates for a citywide event to be reduced or waived only when the anticipated TOT revenues which may be attributed to the citywide event under consideration exceed the total amount reduced or waived. CTD staff recommends that the CTD Executive Director have the temporary authority to approve rent discounts exceeding the expected TOT for citywide events. Only events hosted at the LACC from January 1, 2021 through December 31, 2024 that present significant opportunity to generate economic impact, other sources of revenue and development of future business would be eligible for consideration under this measure.

With many citywide clients struggling financially, a discount greater than the projected TOT could be the deciding factor for the LACC to be chosen as a venue. Although less rent would be paid to the LACC, the facility would still benefit from the other associated revenues generated from the event, such as from food and beverage, utilities and other services. More importantly, this incentive would help bring economic benefits to the City in the form of other local spending, revenues for the City's General Fund and future business in a competitive market.

TOT Shortfall Penalty Waiver

After each event where a reduction or waiver in rent is granted, an audit is performed by an independent consulting firm to compare the actual amount of TOT generated to the discounted amount of rent. If the discount amount exceeds the TOT revenue, the licensee is required to pay the City an amount equivalent to the difference. Because of the significant effect that the COVID-19 pandemic has had on the mass gathering industry, many citywides will be faced with audited TOT shortfalls due to reduced attendance numbers and depressed ADR. Unable to weather the anticipated shortfall penalty, clients will potentially be forced to either cancel their event or move to a different destination. Although the adverse effects of this pandemic have significantly affected the revenue that the City will receive from events in terms of rent and TOT, even reduced revenues are better than no business at all.

CTD staff recommends that the Board change the Citywide Discount Policy in order to temporarily grant the CTD Executive Director the ability to waive the difference owed when rent discounts exceed TOT revenue. Only citywide events hosted at the LACC from January 1, 2021 through December 31, 2024 would be eligible for this waiver. Clients will be appreciative of the City's flexibility, and this will assist with future business retention, especially for the eventual return of these events during later post-recovery years.

Eligibility for Citywide Status

To qualify as a citywide event and to be eligible for Citywide Discount Policy considerations, an event held at the LACC must generate at least three thousand (3,000) room nights with one thousand five hundred (1,500) room nights on peak and utilize no fewer than three (3) hotels. It is likely that events which previously qualified as a citywide and met the above conditions will no longer meet the same standards during the recovery phase, due to reduced attendance and an increase in hybrid events that combine in-person programming with virtual components. Even with reduced room night generation and an understanding that these events will be smaller in size and revenue during the recovery phase, it will still be advantageous to retain these pieces of business for their associated economic benefits, as well as to build the relationship toward future post-recovery bookings. It will also assist LACC's citywide clients as they weather the pandemic.

CTD staff recommends a temporary change to the Citywide Discount Policy granting the CTD Executive Director the ability to waive the requirements for an event to qualify as a citywide event. Only clients that previously met the above standards (for instance, during a recent, pre-pandemic year) would be eligible for consideration. This will only be applicable for events to be hosted between January 1, 2021 to December 31, 2024 and that present the opportunity to generate economic impact, other sources of revenue and the development of future business.

Calculation of Rent Discounts

Currently, internal guidelines inform the method in which the citywide rental discount amount is calculated. A prior three-year historical average of room night generation is used to determine the reasonable amount of TOT that may be generated from an upcoming citywide event, using the most recent three years. Due to the pandemic's disruption, many citywides have canceled, postponed or changed the format of their events, which will yield very low or non-existent room night generation numbers for 2020 and 2021. As a result, when these clients approach the LACC for booking future, post-recovery years, it would be advantageous to use pre-pandemic historical numbers as the basis for the rental discount calculation for citywide events hosted at the LACC beyond January 1, 2025.

RECORD RETENTION AND REVIEW

The implementation of these recommended changes will be recorded and reviewed internally, including the justification behind the application of these measures. CTD

would be responsible for reviewing all such records, and shall report to the Board every six months to review the effectiveness of these changes, and whether they are still necessary.

RECOMMENDATIONS

Staff recommends that the Board of Los Angeles Convention and Tourism Development Commissioners:

- 1. Approves and forwards a recommendation to the Los Angeles City Council that would request that the City Attorney amend the Los Angeles Administrative Code section 8.149.1, "Rate Adjustment Procedure for Certain Licensees", to grant the Department of Convention and Tourism Development (CTD) Executive Director the temporary ability to approve rent discounts exceeding the expected Transient Occupancy Tax (TOT) for citywide events hosted at the Los Angeles Convention Center (LACC) from January 1, 2021 through December 31, 2024 that present significant opportunity to generate economic impact, other sources of revenue and development of future business.
- Approves and forwards a recommendation to the Los Angeles City Council that would request that the City Attorney amend the Los Angeles Administrative Code Section 8.149.1 to temporarily grant the CTD Executive Director the ability to waive the difference owed when rent discounts exceed the TOT revenue for citywide events hosted at the LACC from January 1, 2021 through December 31, 2024.
- 3. Approves and forwards a recommendation to the Los Angeles City Council that would request that the City amend the Los Angeles Administrative Code section 8.149.1 to temporarily grant the CTD Executive Director the ability to waive the requirements for a licensee to qualify for a citywide event rate reduction or waiver with the following conditions:
 - a. Event shall be hosted at the LACC from January 1, 2021 through December 31, 2024;
 - Event shall have demonstrated a recent historical precedence of having met the citywide event qualifications set by the City while being hosted either at the LACC or another convention center; and
 - c. Event shall present significant opportunity to generate economic impact, other sources of revenue and development of future business.
- 4. Approve changes to the booking guidelines and protocol used to calculate the reasonably anticipated TOT receipts generated by a citywide event, to allow for the use of pre-pandemic historical room night generation numbers in order to

accurately project post-pandemic-recovery room night generation for future events.

Attachment: Los Angeles Administrative Code section 8.149.1

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cc: William Chun, Deputy Mayor of Economic Development
Miguel Sangalang, Deputy Mayor of Budget and Innovation
Ron Frierson, Director of Economic Policy
Angeline Buenaventura, Mayor's Office of Economic Development
Kimberly Miera, Deputy City Attorney
Derik Pearson, Senior Administrative Analyst
John Wickham, Office of the Chief Legislative Analyst
Patti MacJennett, Sr. Vice-President, Business Affairs
Ellen Schwartz, General Manager

Sec. 8.149.1. Rate Adjustment Procedure for Certain Licensees.

- A. As set forth in subsections B., C., and D., the Executive Director may adjust or waive for licensees of the Los Angeles Convention and Exhibition Center (Convention Center) the following rates:
 - (1) Rental rates for Halls, including move-in/move-out daily rates, referenced in Sections 8.149.2, 8.149.3, and 8.149.5;
 - (2) Miscellaneous rates charged for the use of certain equipment; and
 - (3) Rates charged for the use of meeting rooms and special event halls.
- B. The Executive Director may adjust the rental rate for the Convention Center in an amount up to 35 percent above or below the rental rate in Sections 8.149.2 and 8.149.5 (Flexible Demand Based Space Rental Pricing). The adjustment of the rental rate only shall be permitted upon the occurrence of one or more of the following conditions:
 - (1) The cancellation of a previously licensed event or a reduction in the space or period of time previously licensed for an event;
 - (2) Convention Center vacancy in excess of historical occupancy average;
 - (3) Projected ancillary revenue (parking, food and beverage, equipment rentals, etc.) anticipated to be generated by an event which is calculated to offset or exceed the amount of the rate reduction;
 - (4) Unusually high or competing demands for Convention Center space;
 - (5) Multi-year licenses;
 - (6) Events that present an exceptional opportunity to generate extraordinary revenue or economic impact;
 - (7) Significant hotel room night generation; or
 - (8) Noteworthy civic purpose.
- C. For an event at the Convention Center that causes at least 3,000 hotel room nights to be booked in the City, with 1,500 hotel room nights booked during the peak attendance of the event, and utilizes no fewer than three hotels (City-wide Event), the Executive Director may reduce or waive the daily rental rate. Any proposed reduction or waiver of rental rates to be charged for City-wide Events shall be subject to the following conditions:
 - (1) Only a City-wide Event licensee shall be eligible for a reduction or waiver of rental rates for exhibit halls or meeting rooms.
 - (2) The destination marketing organization working with the City shall first recommend a reduction or waiver to the Executive Director in writing. This recommendation shall include a written statement of the reasons for the recommendation and a calculation of the reduced or waived rental rates. The calculation of the reduction or waiver made by the destination marketing organization shall be attached to the license, and the license shall specify both the regular rental rate and the reduced or waived rental rate. No license for a City-wide Event shall be issued until the Executive Director approves the recommendation.

- (3) The total amount of a reduction or waiver granted to a City-wide Event licensee cannot exceed 100 percent of the total rate.
- (4) The total amount of a reduction or waiver granted to a City-wide Event licensee shall not exceed the total Transient Occupancy Tax receipts reasonably anticipated to be generated for the City as a result of the convention being held in the City.
- (5) After each City-wide Event where a reduction or waiver is granted, an audit shall be performed by an independent consulting firm to compare the actual amount of Transient Occupancy Tax generated during the City-wide Event to the reduced or waived rental rate charged to the licensee. If the reduced or waived rental rate exceeds the Transient Occupancy Tax revenue, the City-wide Event licensee shall be required to pay the Department of Convention and Tourism Development an amount equivalent to the difference.
- D. A reduction or waiver of rental rates may be granted pursuant to Subsections B. or C., but not both.

SECTION HISTORY

Added by Ord. No. 150,795, Eff. 6-5-78.

Amended by: Ord. No. 167,696, Eff. 5-7-92; In Entirety, Ord No. 168,245, Eff. 10-18-92; Subsec.b Subdiv. (2), Ord.

No. 170,125, Eff. 12-24-94; Ord. No. 173, 363, Eff. 7-29-00, Oper. 7-1-00.

Readopted by Ord. No. 173,492, Eff. 10-10-00.

Amended by: Ord. No. 183,008, Eff. 6-9-14; Title and Section, Ord. No. 186,501, Eff. 3-10-20.

CITYWIDE EVENT POLICY RECOMMENDATIONS FOR THE LOS ANGELES CONVENTION CENTER

BOARD OF LOS ANGELES CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS MEETING

JULY 15, 2020



BACKGROUND

COVID-19 IMPACTS

- Travel restrictions, Los Angeles Safer at Home Order
- Moratorium on mass gatherings
- Cancellation of upcoming citywides and other events at the LACC
- Declines of the tourism industry and leisure and hospitality sector

REASON FOR RECOMMENDATIONS

- Proactive steps to reduce challenges during the recovery phase
- Emergency measures to help generate revenues for the City and the LACC
- Support the economy by keeping business in Los Angeles

CITYWIDE DISCOUNT POLICY

- General parameters are established by the Los Angeles Administrative Code
- Additional details are covered by internal guidelines and procedures

IMPACTS ON CITY OF LOS ANGELES LODGING





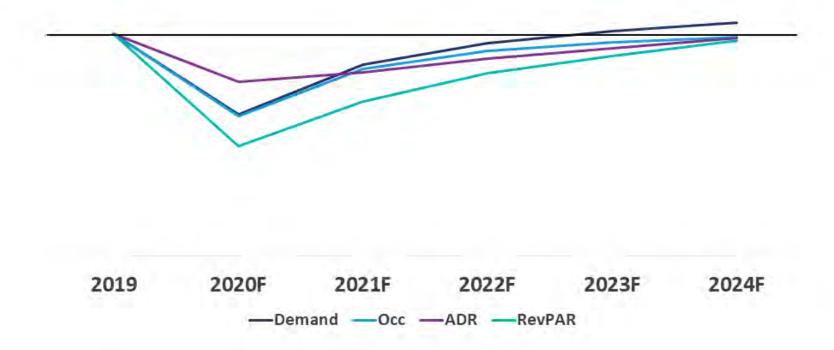
IMPACTS ON LODGING

U.S. Forecast: COVID-19 Recovery Scenario

Indexed to end of 2019 2020F – 2024F

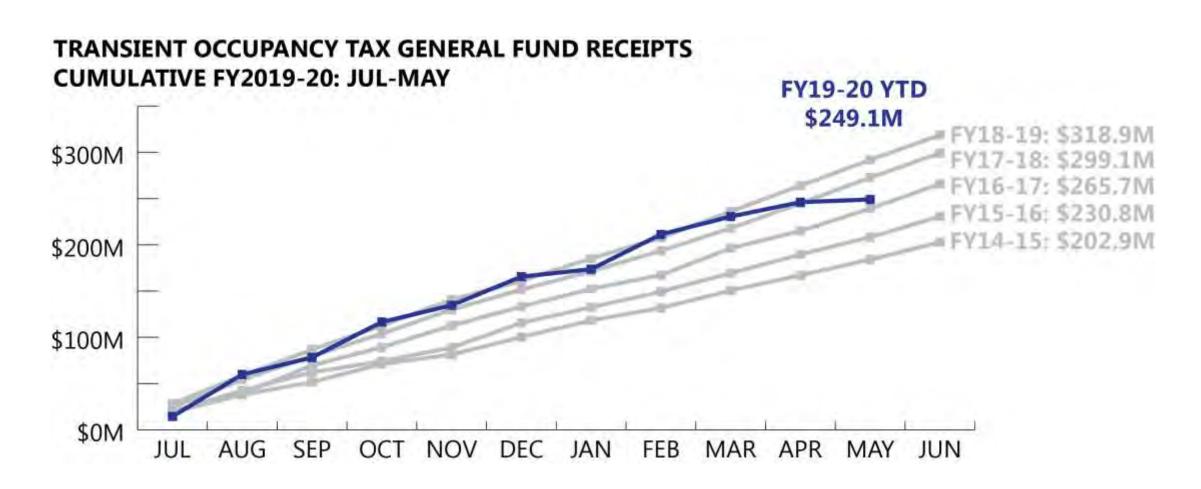






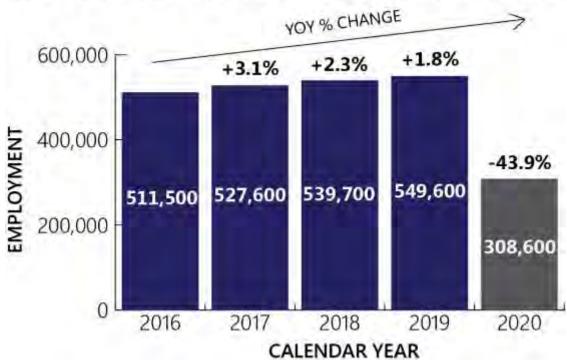
Updated June 2020. Reflects total-room-inventory methodology, which assumes no temporary hotel closures.

IMPACTS ON TRANSIENT OCCUPANCY TAX

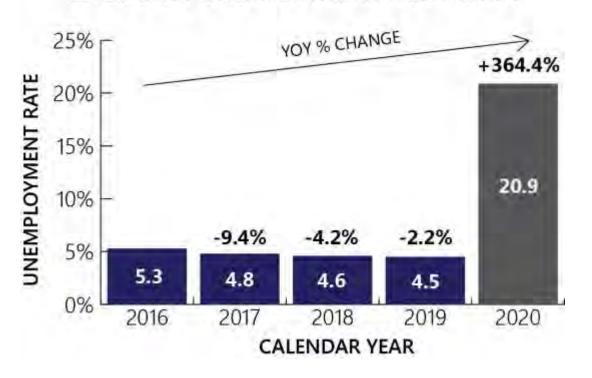


IMPACTS ON EMPLOYMENT

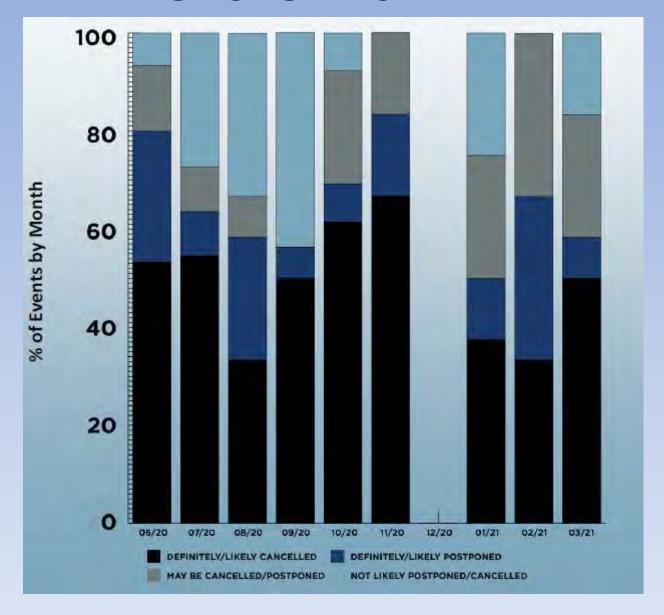
LA COUNTY LEISURE & HOSPITALITY JOBS DURING MAY



LA COUNTY UNEMPLOYMENT DURING MAY



IMPACTS ON SENTIMENT



CONVENTION CENTER EVENT CANCELLATIONS



SUMMARY OF RECOMMENDATIONS

TEMPORARY CHANGES TO THE LOS ANGELES ADMINISTRATIVE CODE

- Ability to offer rent discounts above projected TOT
- Ability to waive penalties for TOT shortfalls
- Ability to waive requirements to qualify as a citywide event

TEMPORARY CHANGES TO INTERNAL PROTOCOL

Use pre-pandemic numbers to calculate projected TOT for discount calculations

OTHER TERMS AND CONDITIONS

- To be used only when absolutely necessary, on a case-by-case basis
- Assumes a recovery period lasting until December 31, 2024
- Implementation to be tracked and reported to the Board every six months
- Also useful for weathering construction impacts related to the LACC Expansion and Modernization Project

RENT DISCOUNTS ABOVE PROJECTED TOT

CURRENT PRACTICE

- Citywide clients are eligible for discounted rental rates up to the amount of projected TOT
- The CTD Executive Director reviews all citywide rent discount requests

ISSUES

- Citywide clients are in worse financial shape due to the pandemic
- Events will have lower projected TOT, due to decreased attendance and ADR
- More competition from other convention centers

PROPOSED IMPLEMENTATION

- Allow the CTD Executive Director the temporary ability to approve rental discounts greater than the projected TOT if these conditions are met:
 - Events hosted from January 1, 2021 to December 31, 2024
 - Events with the opportunity to generate economic impact, other sources of revenue and develop future business

WAIVE PENALTIES FOR TOT SHORTFALLS

CURRENT PRACTICE

 When the audited TOT is less than the amount of rent discounted, the client must pay the City the difference

ISSUES

- Events will have lower TOT, due to decreased attendance and ADR
- Likelihood of a TOT shortfall will increase
- Citywide clients are unable to afford a penalty payment, and would either cancel or leave

PROPOSED IMPLEMENTATION

- Allow the CTD Executive Director the temporary ability to waive the TOT shortfall penalty
- Only for citywide events to be hosted from January 1, 2021 to December 31, 2024

WAIVE CITYWIDE QUALIFICATION REQUIREMENTS

CURRENT PRACTICE

 To qualify for a citywide rent discount, event must use the LACC, with at least 3,000 room nights, 1,500 on peak, and use at least 3 hotels

ISSUES

- Citywides are expecting reduced attendance and less exhibitors
- More hybrid events, with in-person and virtual programming

PROPOSED IMPLEMENTATION

- Allow the CTD Executive Director the temporary ability to waive the citywide qualification requirements if these conditions are met:
 - Events hosted from January 1, 2021 to December 31, 2024
 - Events recently met the citywide qualifications during a pre-pandemic year
 - Events with the opportunity to generate economic impact, other sources of revenue and develop future business

CALCULATION OF PROJECTED TOT

CURRENT PRACTICE

- The prior 3-year historical average of room night generation is used to calculate projected TOT
- This sets the allowable range for citywide rental discounts under existing policy

ISSUES

- During 2020 and 2021, many citywide events will have low or no room night generation
- For events in future years after the recovery, projected TOT will not be accurate when using these numbers

PROPOSED IMPLEMENTATION

 Allow the use of pre-pandemic historical numbers to calculate projected TOT to determine rental discount for events taking place after the recovery phase

NEXT STEPS

- 1. Matter to be considered in Economic Development Committee
- 2. Matter to be considered by full Council and the Mayor
- City Attorney will draft appropriate ordinance for further Council consideration

RECOMMENDATION

THAT the Board approve the recommended adjustments to the Citywide Discount Policy and internal protocol as noted in Board Report No. 20-003.