



CITY TOURISM COMMISSION



Commissioners: Jon F. Vein, President; Kathleen Rawson, Vice President;
Taelor Bakewell; Cameron Onumah; Angelia Shepperd

Public comments will be taken in person only. Members of the public who wish to speak during the meeting must submit a "Request to Speak" form for each agenda item of interest to the Board Secretary prior to the commencement of the public comments. 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 Comments." Public speaking will be limited to a total of three minutes per speaker. Meeting agendas and minutes may be found on the City Tourism Department website, tourism.lacity.gov.

Regular Meeting
Wednesday, October 16, 2024
9:00 a.m.
1201 S. Figueroa St.
Los Angeles, CA 90015

1. CALL TO ORDER / ROLL CALL

2. COMMENTS FROM THE PUBLIC

- General and Agenda Item Public Comments
- 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 the City Tourism Commission.

3. APPROVE MINUTES

- Approval of the regular meeting minutes from August 21, 2024

4. REPORTS

- Executive Director Report
- ASM Update
- LATCB Update

5. DISCUSSION ITEMS

- Expansion Update

6. ACTION ITEMS

- Approval of FY2023-24 Earned and Discretionary Incentive Payments - Board Report # 24-002
- FY 2024-25 Incentive Fee Goals - Board Report # 24-003
- Proposed Appendix E for Fiscal Year 2024-25 to the Agreement between CTD and LATCB - Board Report # 24-004
- Fiscal Year 2025-26 Budget Proposal - Board Report #24-005

7. ADJOURNMENT

NOTICE TO PAID REPRESENTATIVES

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code 48.01 et seq. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 987-1960 or ethics.commission@lacity.org.

Materials related to an item on this agenda submitted to the City Tourism Commission 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.

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.

Item 3a

Approval of the

August 21, 2024 Minutes



CITY TOURISM BOARD OF COMMISSIONERS

Regular Meeting Minutes

August 21, 2024

The Board of City Tourism Commissioners (Board) convened a regular meeting on Wednesday, August 21, 2024, at 9:00 a.m. at the Los Angeles Convention Center, 1201 S. Figueroa St., Los Angeles, CA 90015.

PRESENT:

President Jon F. Vein
Taelor Bakewell
Cameron Onumah

ABSENT:

Vice President Kathleen Rawson
Juan Camacho

PRESENTERS:

Kim Weedmark, ASM
Ben Zarhoud, ASM
Doane Liu, CTD
Adam Burke, LATCB
Bryan Churchill, LATCB

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:06 a.m.

Item 2a. Public Comment

None

Item 2b. Neighborhood Council

None

Item 3a. Approval of the special meeting minutes from July 18, 2024

UNANIMOUSLY APPROVED

Item 4a. Executive Director Report

Doane Liu provided an overview of his activities since the last Board meeting, which included: attending Trade, Travel and Tourism Committee meeting with the first expansion report from CLA & CAO; meetings with Deputy Mayor Freeman, LA28 and LACC staff, the Airport General Manager John Ackerman, The Kochi Prefecture Governor and delegation, Councilmember Raman regarding the 2028 Olympics and key tourist locations in CD4, ASM and AEG regarding the Chick Hearn Court project; hosting safety and security roll calls for AAPM and AFSCME events. Mr. Liu noted that the Sister City art will be delivered to the LACC and will be prepared for display.

Item 4b. ASM Monthly Update

Ms. Kim Weedmark reported on 11 events hosted during June 2024, which was a mix of meetings, consumer shows, assemblies, and one citywide event. The sales and marketing team licensed 12 events in the month of April. Mr. Ben Zarhoud presented the financial data for June reporting an operating loss of \$2.8M and \$4.9M in gross revenue, with approximately 69% from rent, food and beverage, and parking, noting parking did well due to the 9 Crypto events. Mr. Zarhoud also reported that operating expenses totaled \$5.3M with continued spending on building maintenance and repairs. Mr. Zarhoud reported that the solar panel project was a success as it was funded by bonds for \$5.9M, LACC received a \$2.2M rebate from the City, and has benefited from a 19% cumulative savings with a \$400K credit for the month of June. Mr. Zarhoud stated that June's exhibit hall occupancy rate was 55% resulting in an total economic impact of \$20.9M, \$5.4M generated by LACC events and \$15.5M generated by the citywide event.

Item 4c. LATCB Monthly Update

Mr. Adam Burke provided an overview of the U.S. Travel's IPW event which was in Los Angeles for the first time in twelve years, and the current market dynamics noting that they are hiring additional sales teams which will shift to short term business, 18 months or less, leads. Mr. Bryan Churchill reported that booked room nights are 321,803, which is 125% of the year-to-date goal of 258,000. This is attributed to the addition of the NBA All Star Game and the NFL Super Bowl, which was not part of the initial forecast. Mr. Churchill reported 24 bookings, which is 133% of the year-to-date goal of 18 with leads at 140 meeting the goal of 140. Mr. Churchill also reported that short term business is slowing down, in addition to increasing the short term sales team, LATCB has developed a new marketing campaign with a two prong approach, blockbuster incentives and hotel group offers. Mr. Churchill played the new campaign video.

Item 5. Action Items

None

Item 6a. Policy Recommendations for the Los Angeles Convention Center - FY 2023-24 Update

Ms. Kim Nakashima provided an update of the policy recommendations for the LACC, providing background, a summary of the discounting recommendations, current policies and application data, noting that the provisions are working as intended and will continue to serve as a useful tool for securing business at the LACC through 2028.

The meeting was adjourned at 10:22 a.m. without objection.

Item 4a

Executive Director's Report



Item 4b

ASM Update



LOS ANGELES CONVENTION CENTER MONTHLY UPDATE – AUGUST 2024

KIMBERLY WEEDMARK
GENERAL MANAGER

BEN ZARHOUD
ASST. GENERAL MANAGER



August 2024 Events

41,404 Total Attendees

- 08/02 – KIPP Conference – Start Strong (1,350 guests)
- 08/03 – 08/05 – El Sembrador Ministries (4,400 guests)
- 08/07 – South LA Health & Human Rights Conference (1,000 guests)
- 08/10 – 08/17 – American Federation of State, County, Municipal Employees (17,000 guests)
- 08/24 – Prometric Testing Event: College Board SAT's (600 guests)
- 08/25 – 08/27 – Coffee Fest 2024 (6,000 guests)
- 08/25 – 08/27 – California Restaurant Show (7,500 guests)
- 08/28 – 08/29 – Build Expo 2024 (2,654 guests)
- 08/31 – Yugioh! INFO Regional Qualifier (900 guests)

*MEETING
*CITYWIDE
*CONSUMER SHOW
*ASSEMBLY
*TRADE SHOW

KIPP Conference 2024



SOUTH LA HEALTH & HUMAN RIGHTS CONFERENCE





COFFEE FEST 2024



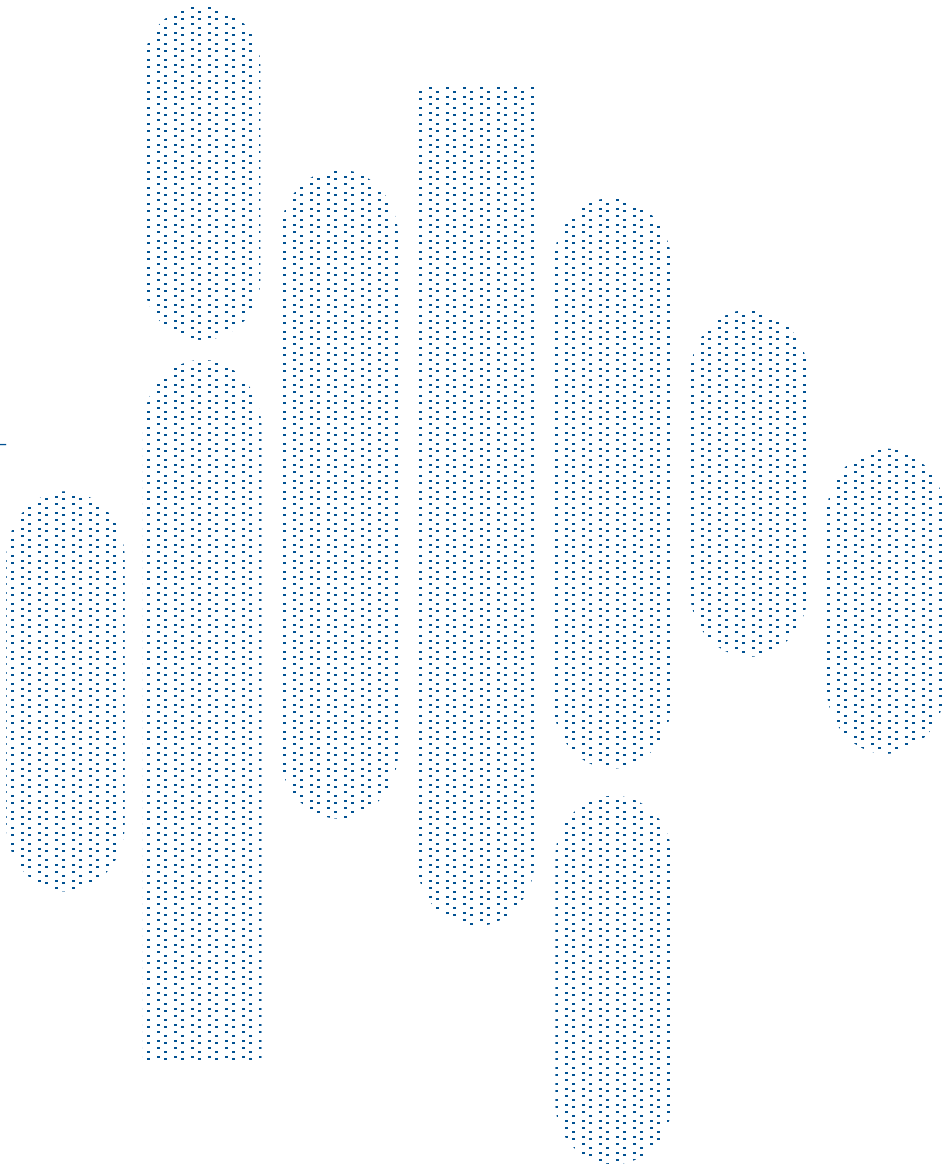
CALIFORNIA RESTAURANT SHOW 2024



Filming Events in August 2024

Total: \$35,344

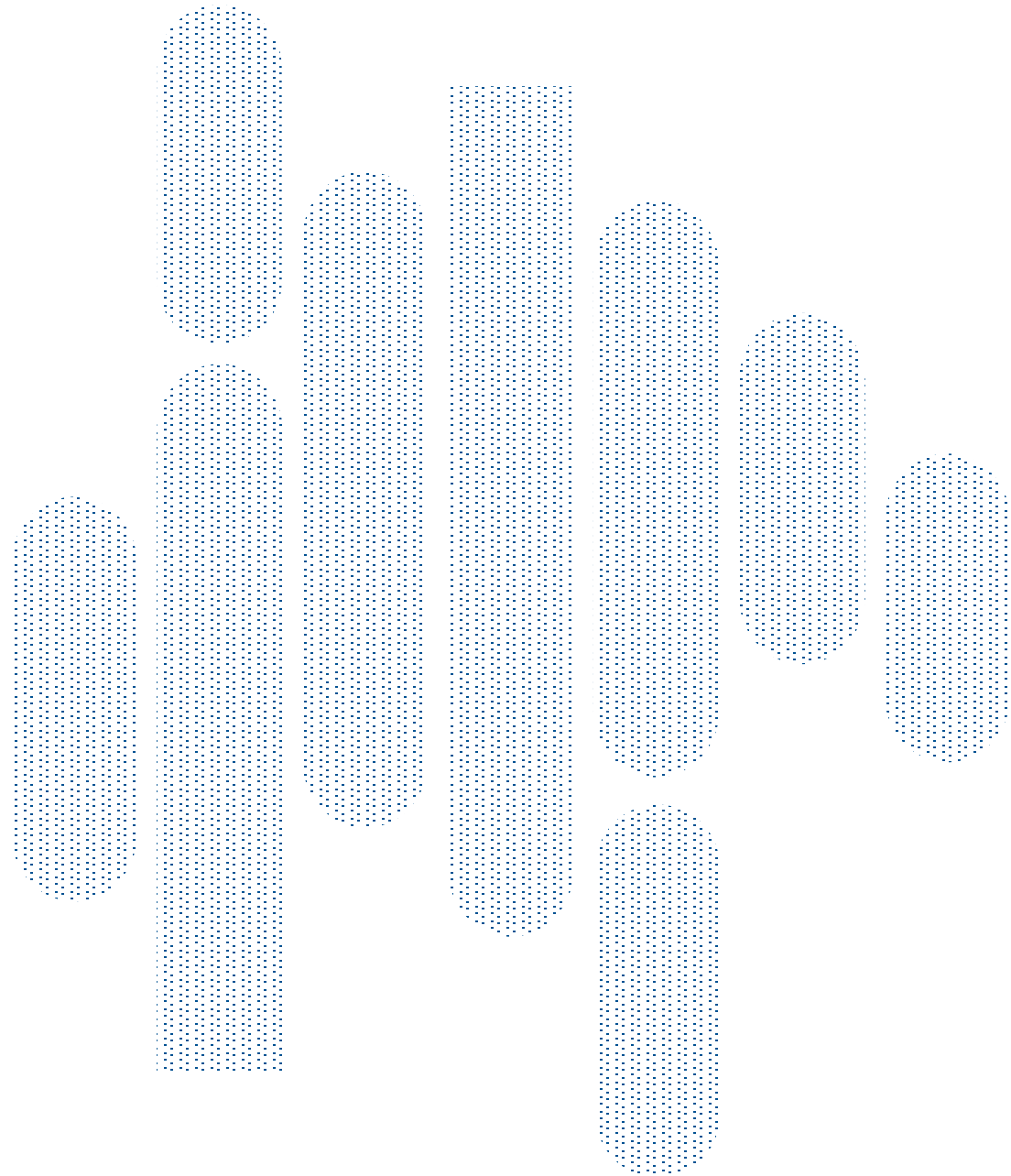
Name	Production Company	Space	Amount
August 16 - 18	Topanga Productions, Inc.	Kentia Hall, Bond Lot	\$26,344
August 26 – 28	Topanga Productions, Inc.	Bond Lot	\$9,000



Sales Activity

14 Events Licensed in August 2024

- Assemblies: 4
- Consumer Shows: 3
- Citywides: 3
- Meetings: 4
- Tradeshows: 0



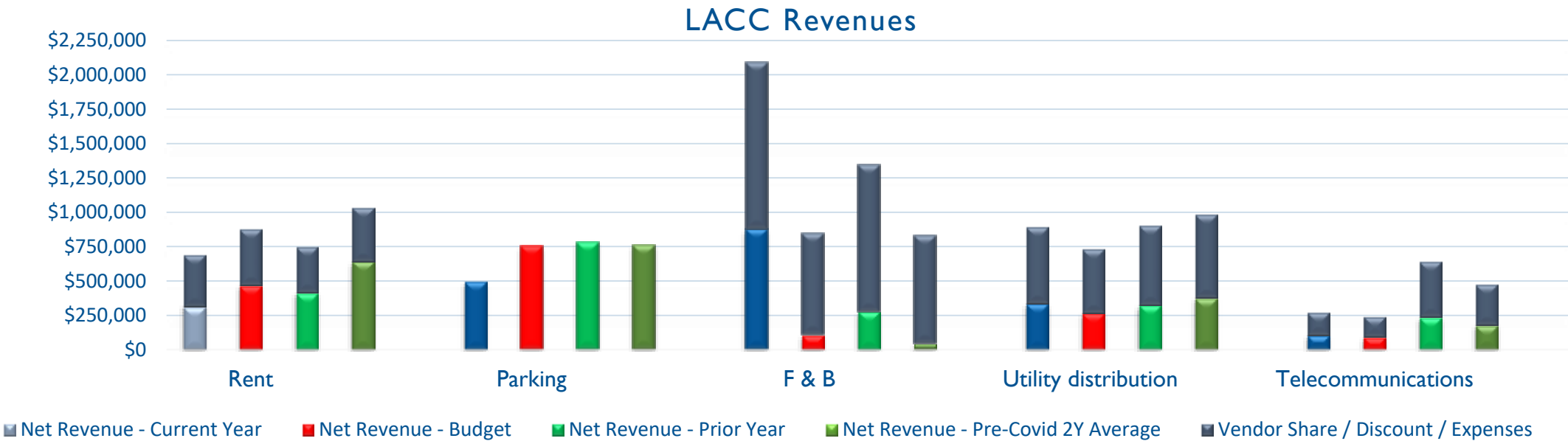
August 2024 Financials

Operating Surplus (loss):

- \$0.1 million (before approved City Reimbursements, A & I and Capital Projects)
- \$0.6 million above budget
- \$0.2 million below prior year and comparable with the Pre-Covid 2Y average

Revenues:

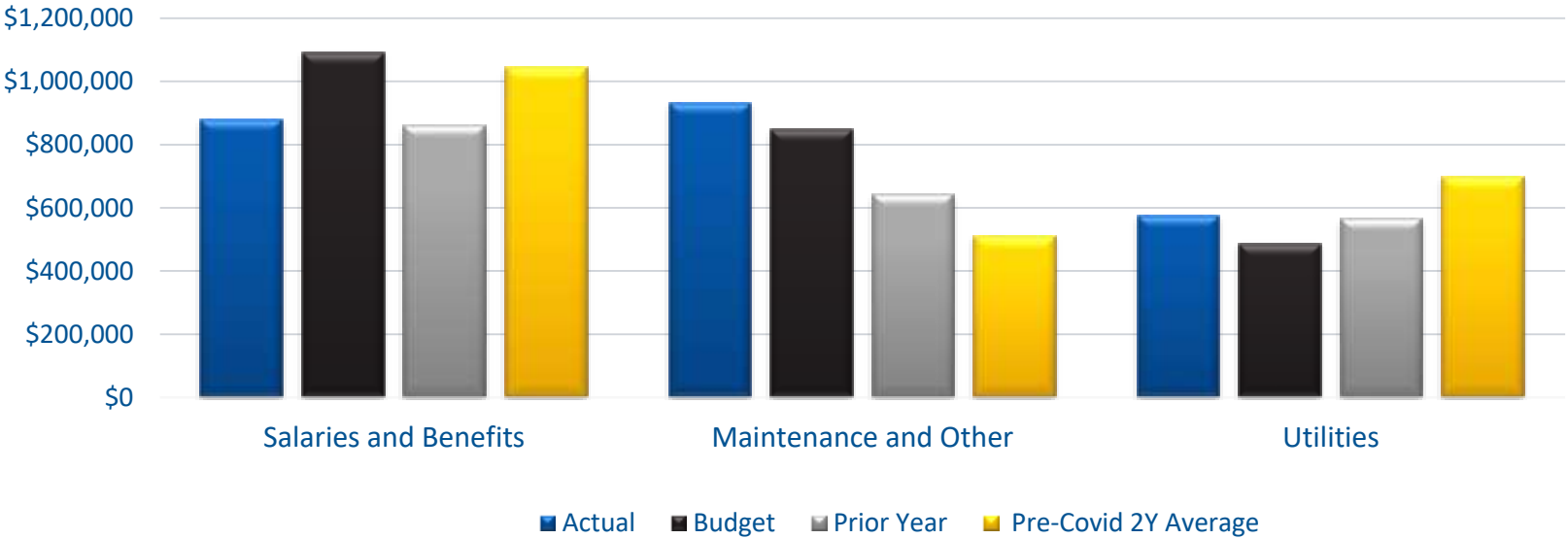
- \$5.3 million gross revenue (before discounts and service provider share)
- \$2.5 million net revenue
- \$0.6 million above budget
- \$0.1 million above prior year and \$0.3M above Pre-Covid 2Y Average



August 2024 Financials

Operating Expenses:

- \$2.4 million (before approved A & I, Capital Projects, and City reimbursement)
- \$0.1 million below budget
- \$0.3 million above prior year and Pre-Covid 2Y Average

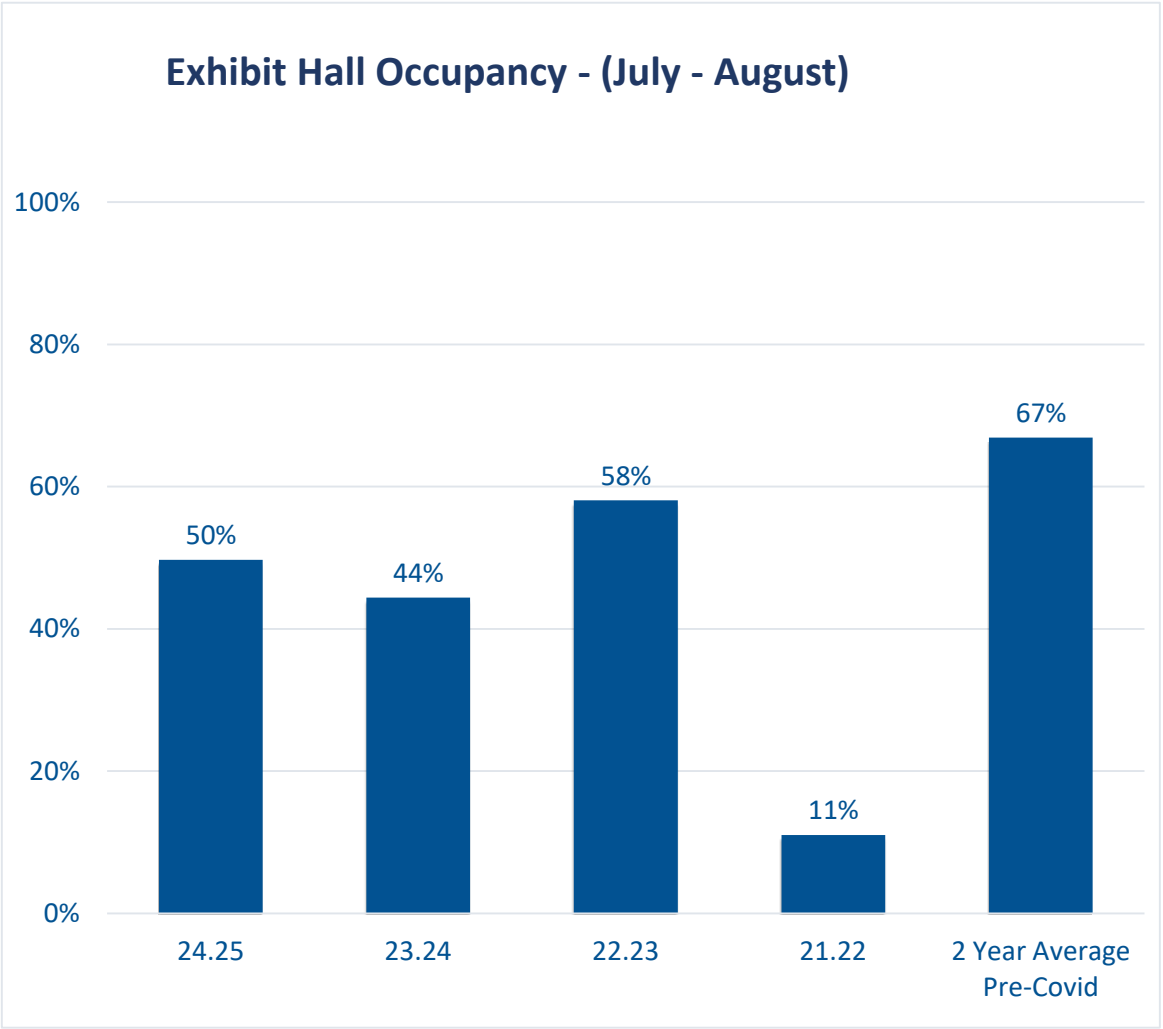
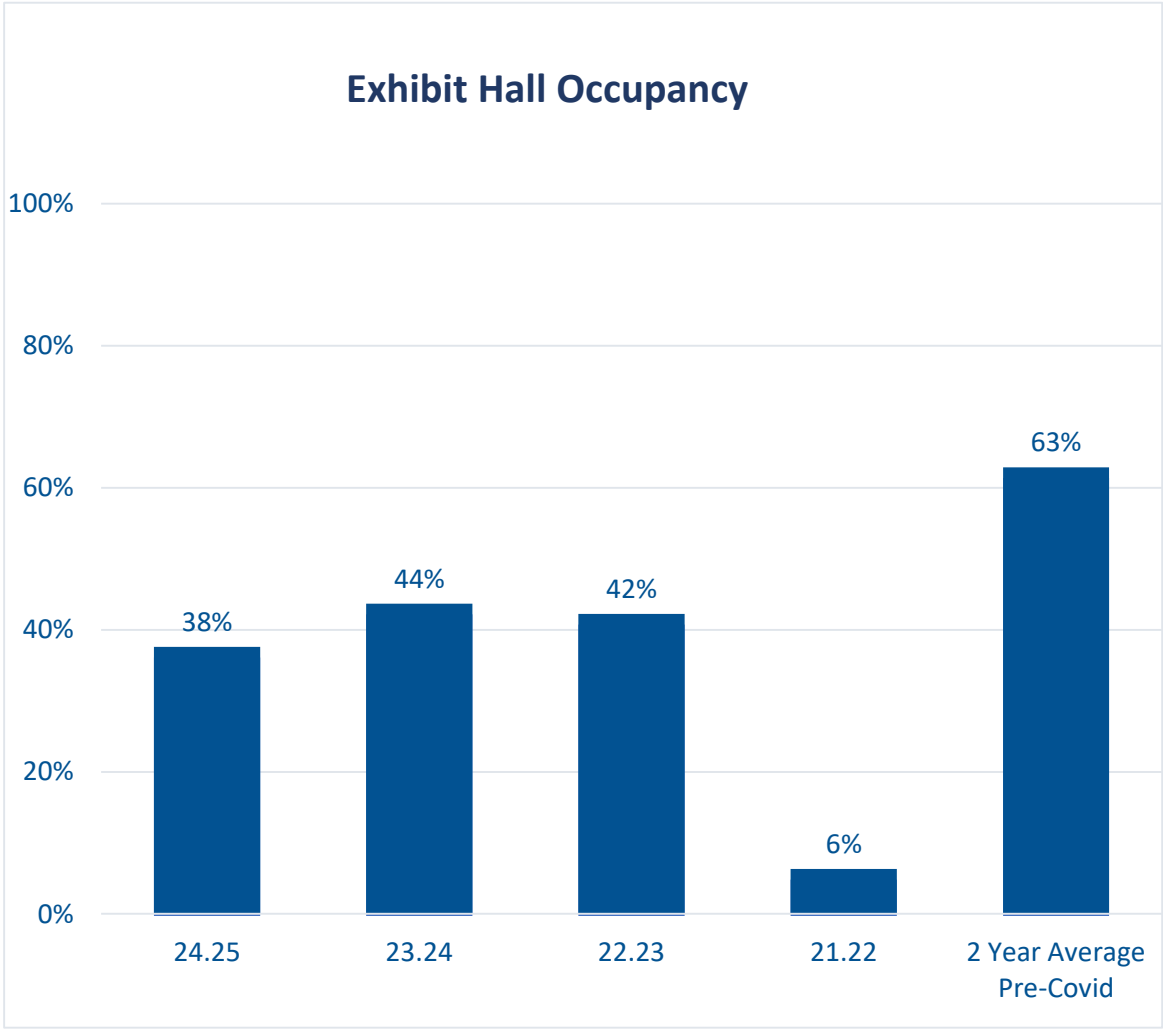


YTD Performance (unaudited) – Net Revenue \$6.5 million vs budget of \$5.3 million, Expenses \$4.9 million vs budget \$5.3 million, Operating profit \$1.6 million vs budget of \$0.0 million.

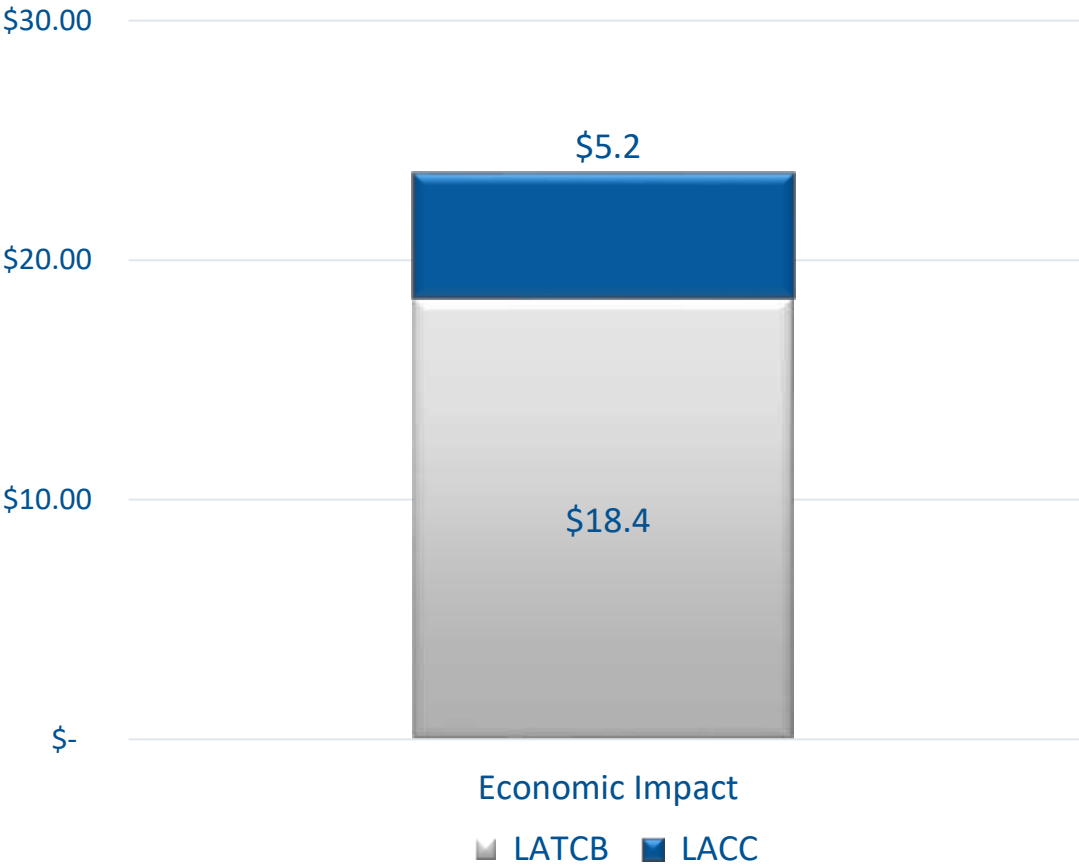
City Reimbursement – \$0.2 million (at budget)

Capital and Alterations & Improvements

Occupancy August 2024



\$23.6 million in Estimated Economic Impact





THANK YOU

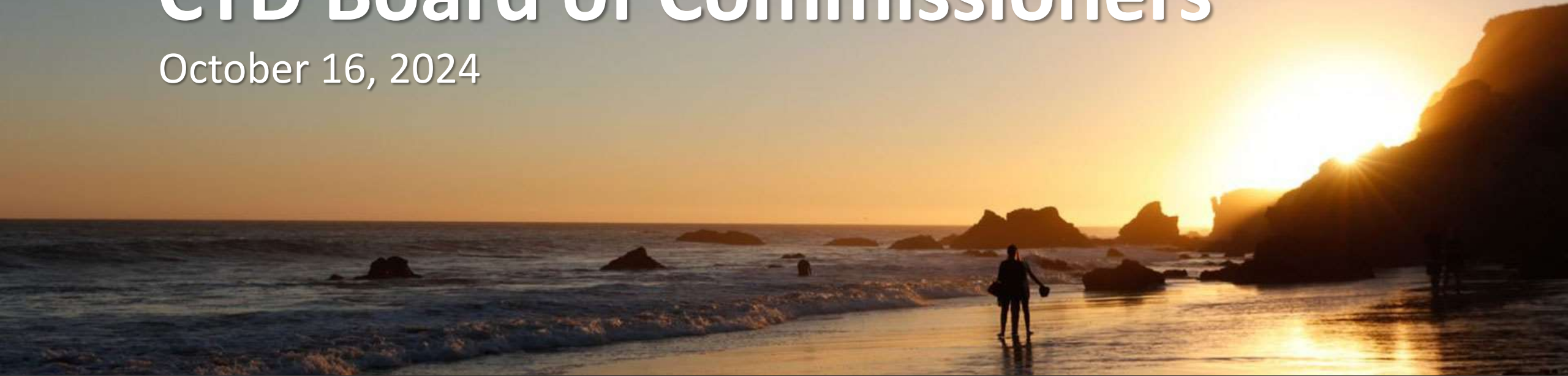
Item 4c

LATCB Update



CTD Board of Commissioners

October 16, 2024



Los Angeles Tourism & Convention Board



Sales Update

Bryan Churchill
Sr. Vice President Hotel
Sales



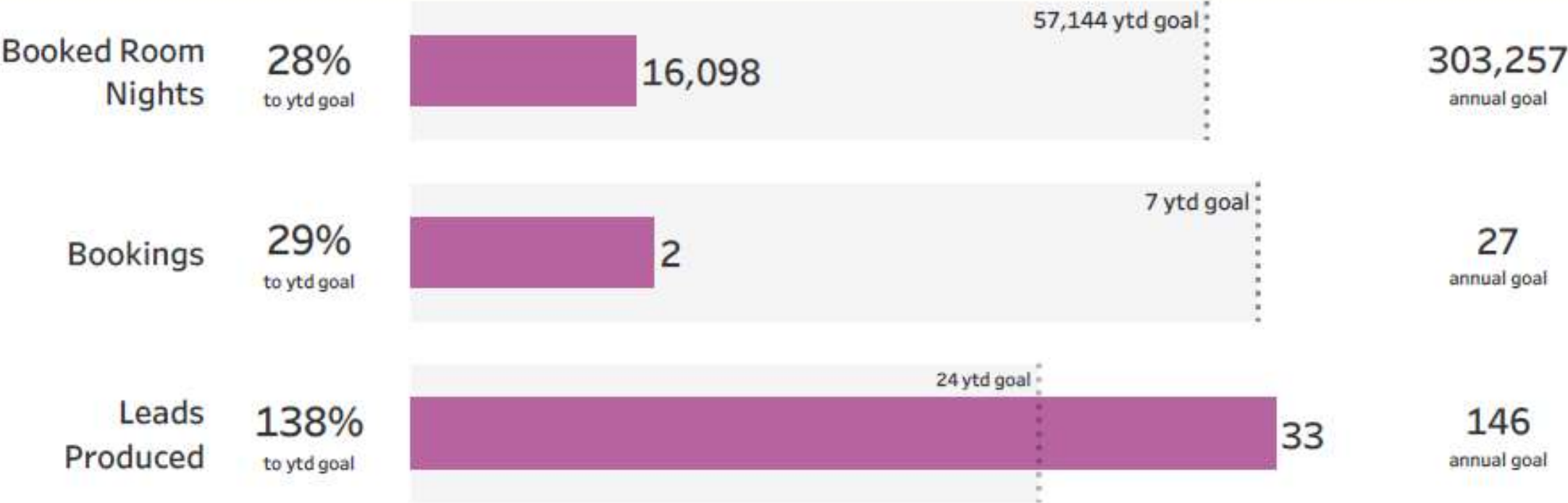
CITYWIDE CONVENTION SALES

Sales Production for FY 2025 through August
Data last refreshed 10/8/2024 10:46:44 PM

Calendar Fiscal Year
Year Latest Year
Month August

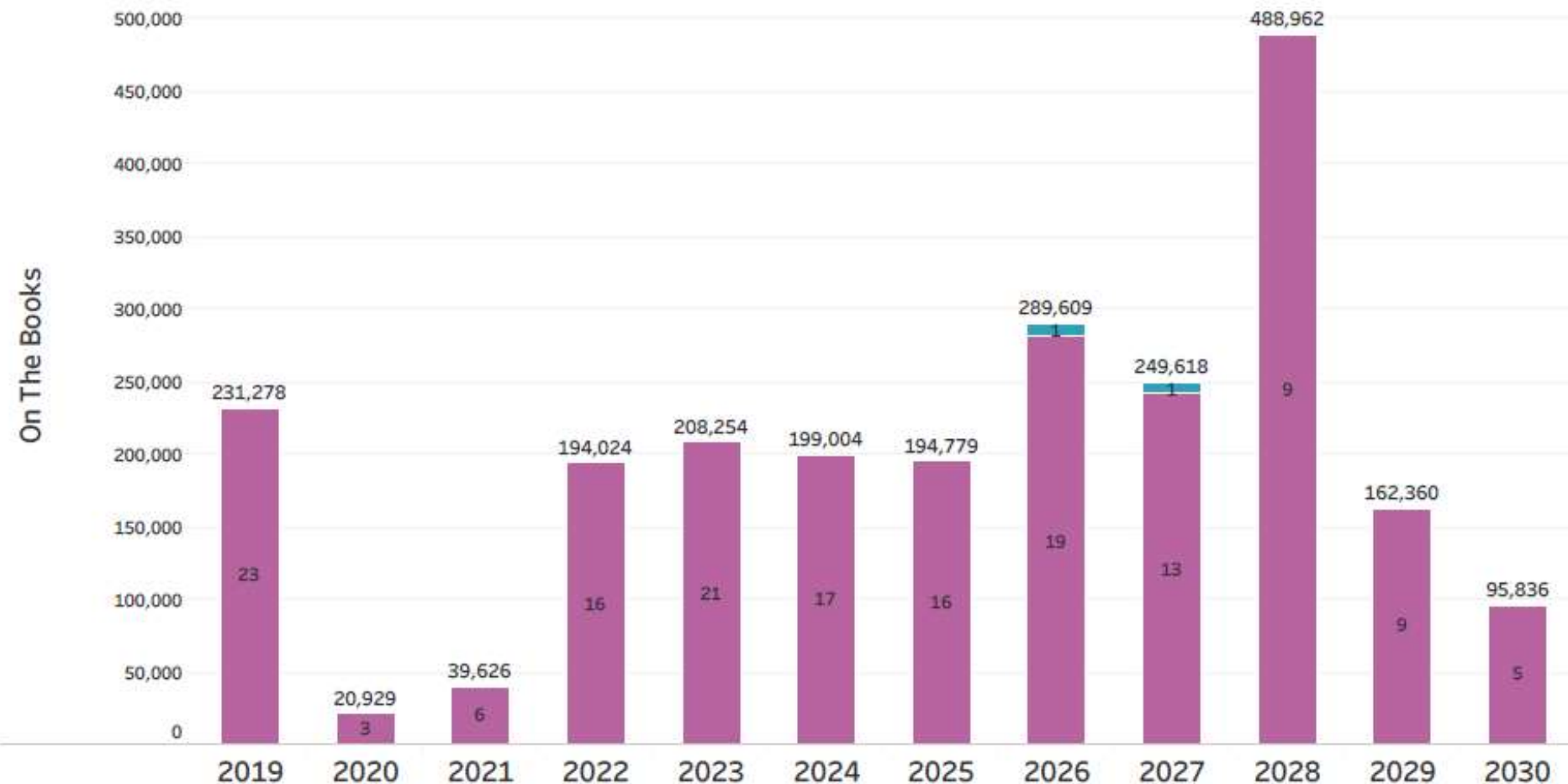
Citywide

FY 2025 through August



Citywide OTB Room Nights by Arrival Year

● Booked in FY 2025



OTB Meetings, Bookings in FY 2025 and Cancellations in FY 2025

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
OTB Meetings	23	3	6	16	21	17	16	20	14	9	9	5
Booked in Year	0	0	0	0	0	0	0	1	1	0	0	0
Cancelled in Year	0	0	0	0	0	0	0	0	0	1	0	0

Citywide Active Pipeline Summary

Data last refreshed on 10/7/2024 10:44 PM

Sales TypeCitywide

Sales ManagerAll

Peak BucketAll

Corp or AssnAll

Vertical MarketAll

Leads

89

Null

25% - Qualified lead for LA

1,090,509 room nights
64 leads

Lead Room Nights

1,446,000

50% - LA has made the short-list

175,449 room nights
18 leads

75% - LA selected and Hotel TBD

Attendees

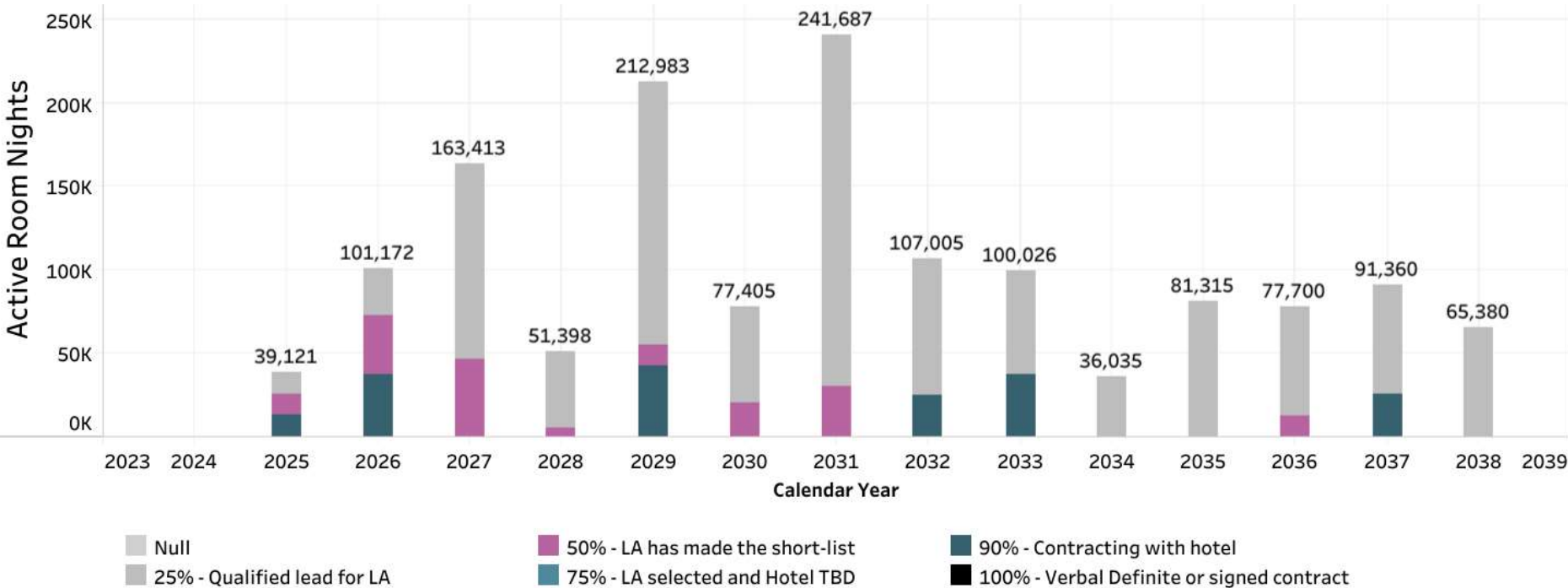
1,180,366

90% - Contracting with hotel

180,042 room nights
7 leads

100% - Verbal Definite or signed contract

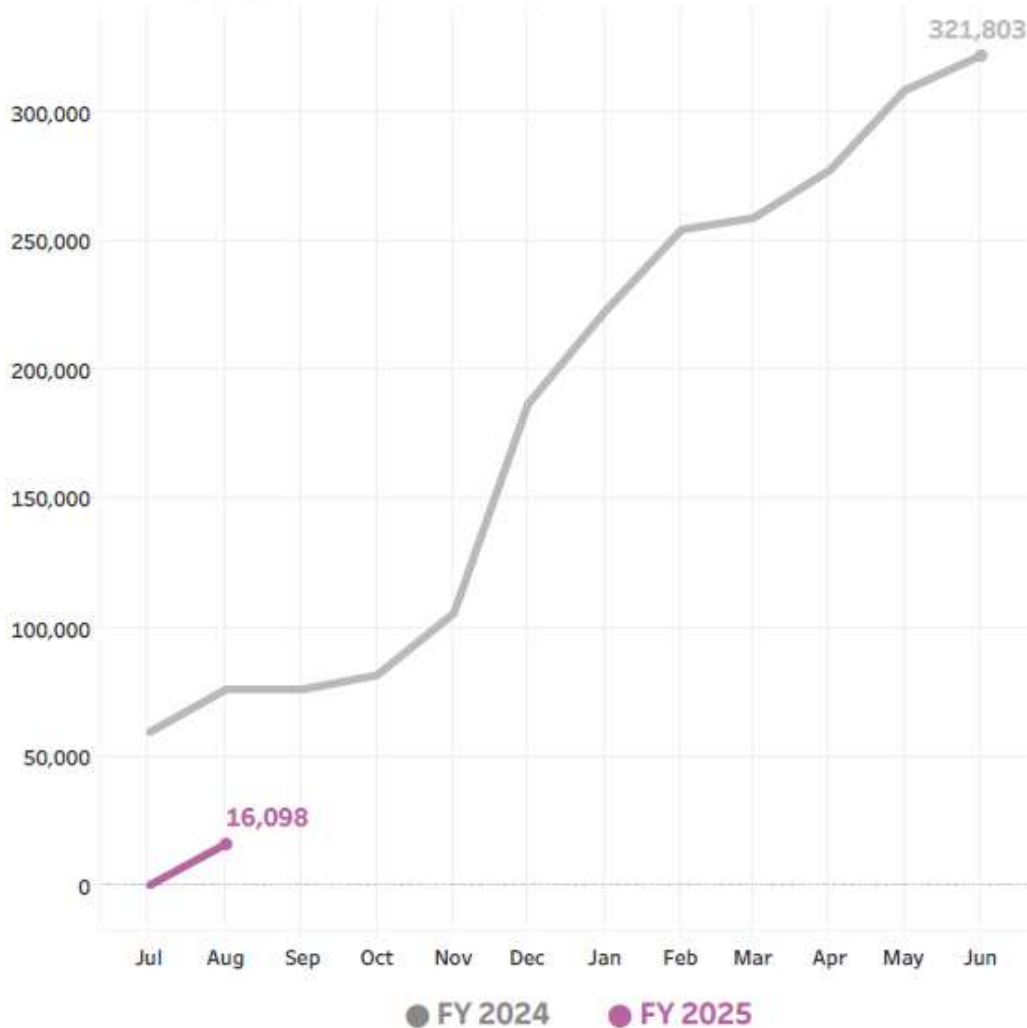
Active Pipeline by Meeting Year



Citywide Booked Room Nights

FY 2025 through August

Booked Room Nights by Month



Key Metrics

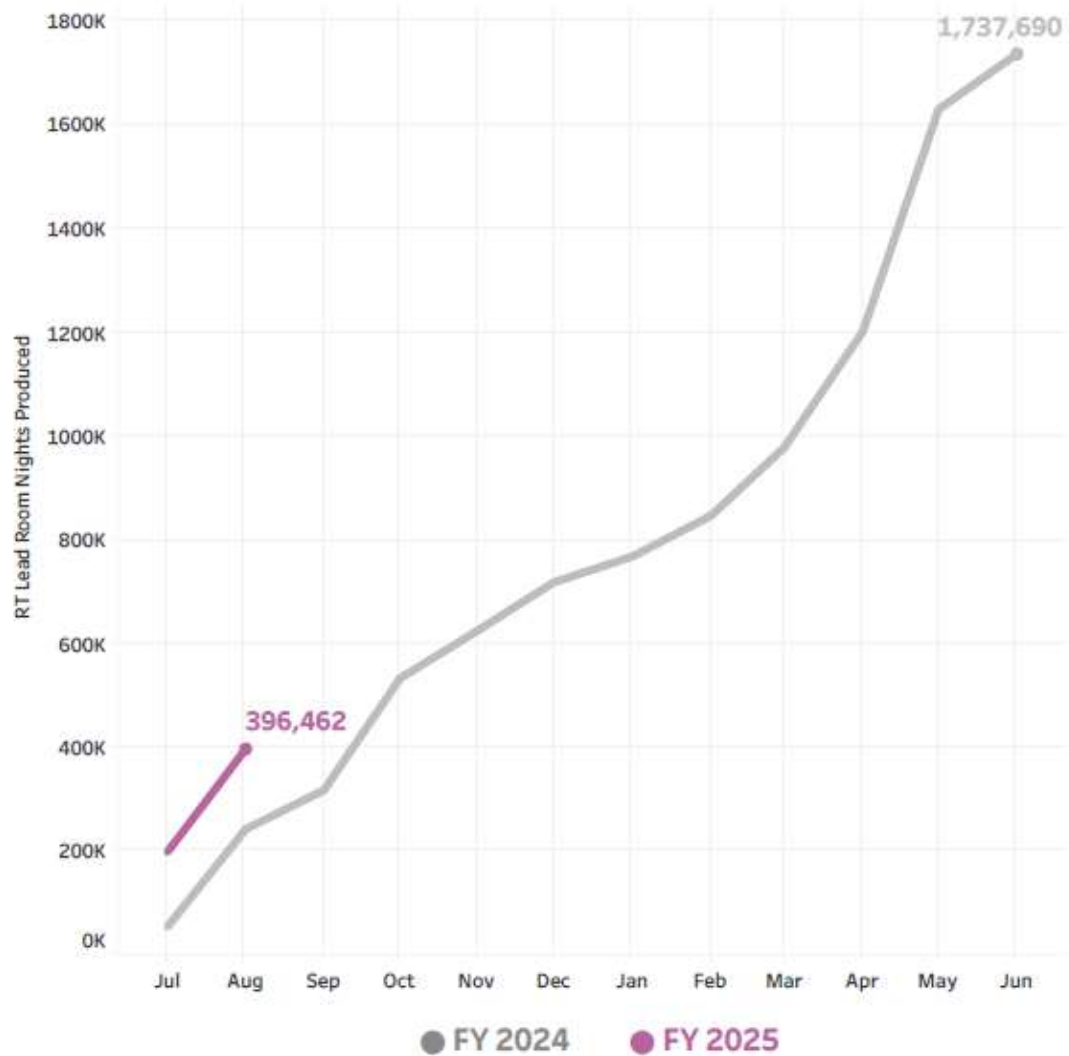
	FY 2025
Bookings	2
Bookings YOY	-67%
Booked Room Nights	16,098
Booked Room Nights YOY	-79%
Attendees	9,500
Attendees YOY	-77%



Citywide Lead Production

FY 2025 through August

Lead Production by Month



Key Metrics

	FY 2025
Leads Produced	33
Leads Produced YOY	57%
Lead Room Nights Produced	396,462
Lead Room Nights Produced YOY	64%
Attendees	235,530
Attendees YOY	46%





Marketing Update

Bill Karz

SVP, Brand & Digital Marketing



Event Marketing Campaign

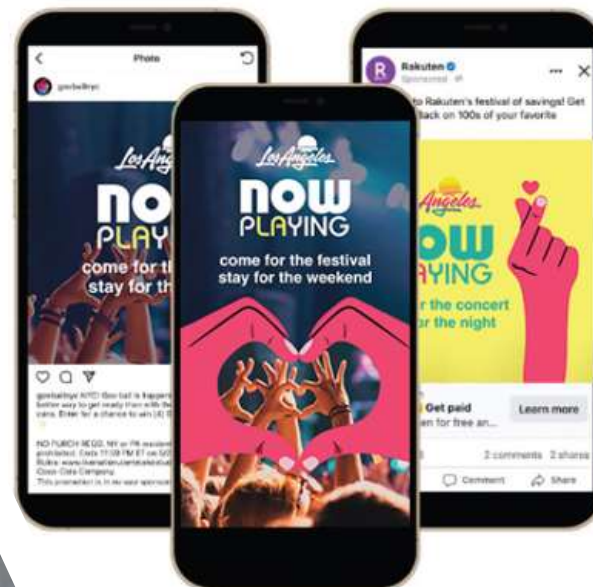
LA Tourism



Event Marketing Campaign

July – September 2024 (Local/Drive Markets)

- 140+ Million Impressions (below \$7 CPM)
- 230,000+ Website Users (below \$3 cost per session)
- 11,000 Hotel Handoffs
- LA, SF and SD were top performing markets
- Individual markets reach likely exceeded 70% with OOH tactics added to LA, SF & SD

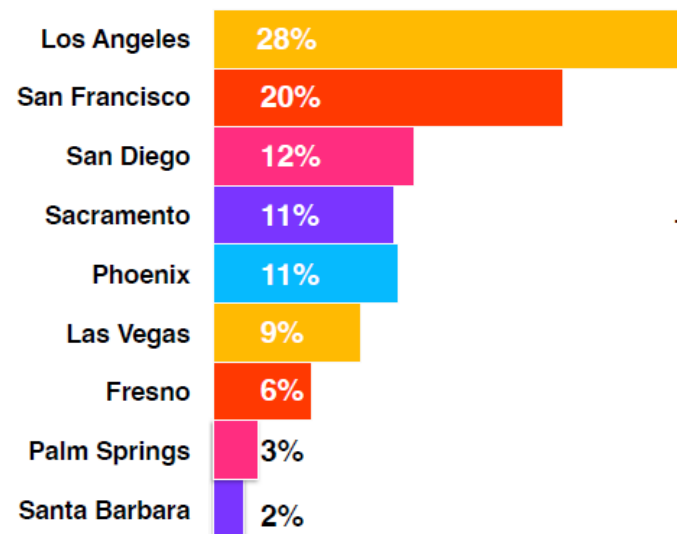


Budget Overview

\$1MM Gross Media Total

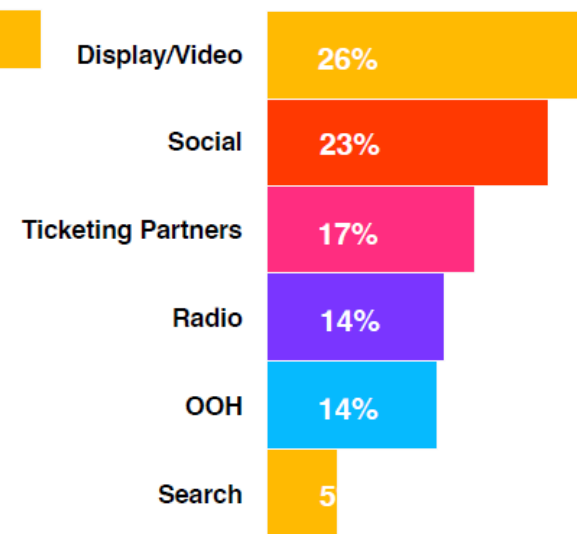
- Focused heavily on display/video advertising with GumGum and Apex to boost awareness and consideration of hotel offerings
- Allocated social media budget between TikTok and Meta, shifting Meta towards conversions due to effective booking button responses
- Continued with strong-performing Ticketmaster/Live Nation placements and included AXS as an additional ticketing partner, leveraging their first-party data for targeted outreach
- Reallocated budget from ROKT to more effective social media strategies after finding it misaligned with campaign goals
- Emphasized efficient Radio and Out-of-Home (OOH) advertising in select markets to facilitate spending on conversion tactics
- Maintained a presence in Search and Social media to attract searches related to upcoming Los Angeles events and hotels, aligning with and not overlapping individual hotel marketing efforts

Budget by Market



Drive / Local
73% / 28%

Budget by Tactic



Budget **Flighting**

- **Budgets were front loaded into July and August** to increase immediate hotel bookings and capture users making near-future plans
- **Search and Social were planned through late September as part of our always-on strategy** which is balanced between Event Marketing and seasonal campaigns (with Fall 24 launching 9/5)
- **Social spending increased in last month** due to the removal of Rokt, and it is driving the most button clicks. This lift is reflected in the heavier September weight
- **Out of home launched in July and will run through September.** Given the predominantly static formats for LA and PS, OOH **launched post Dine LA** in those markets
- **Local radio** was flighted July through September. Drive markets launched mid-July to capture audiences while planning. Local LA campaigns ran after Dine LA

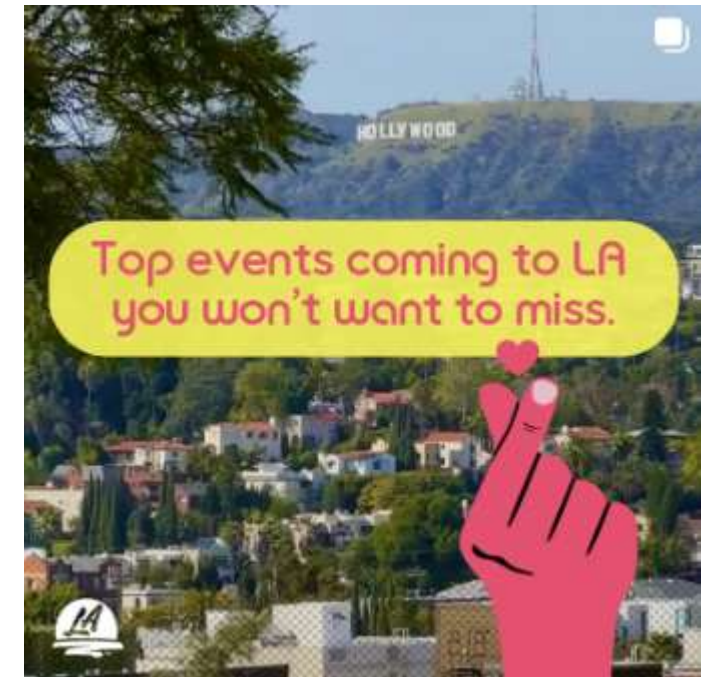
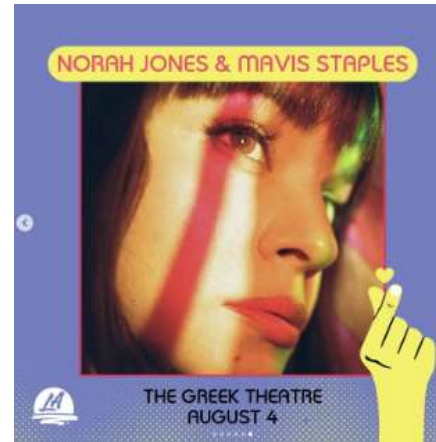
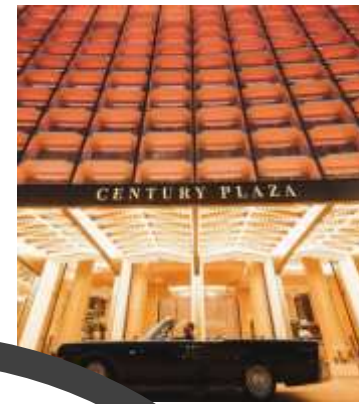
Media Type	July			August				September				Budget %
	15	22	29	5	12	19	26	2	9	16	23	
Search												6%
Social												23%
Display/Video												26%
Ticketing Partners												17%
OOH												14%
Radio												14%
TOTAL MEDIA BUDGET WEIGHT	35%			41%				24%				

Influencer + Social Media Marketing



- 30+ Million Views and 3+ Million Reach
- 65+ Posts across Social Media (every region featured)
- Weekly event/hotel giveaways, staycation content, and coming soon roundups

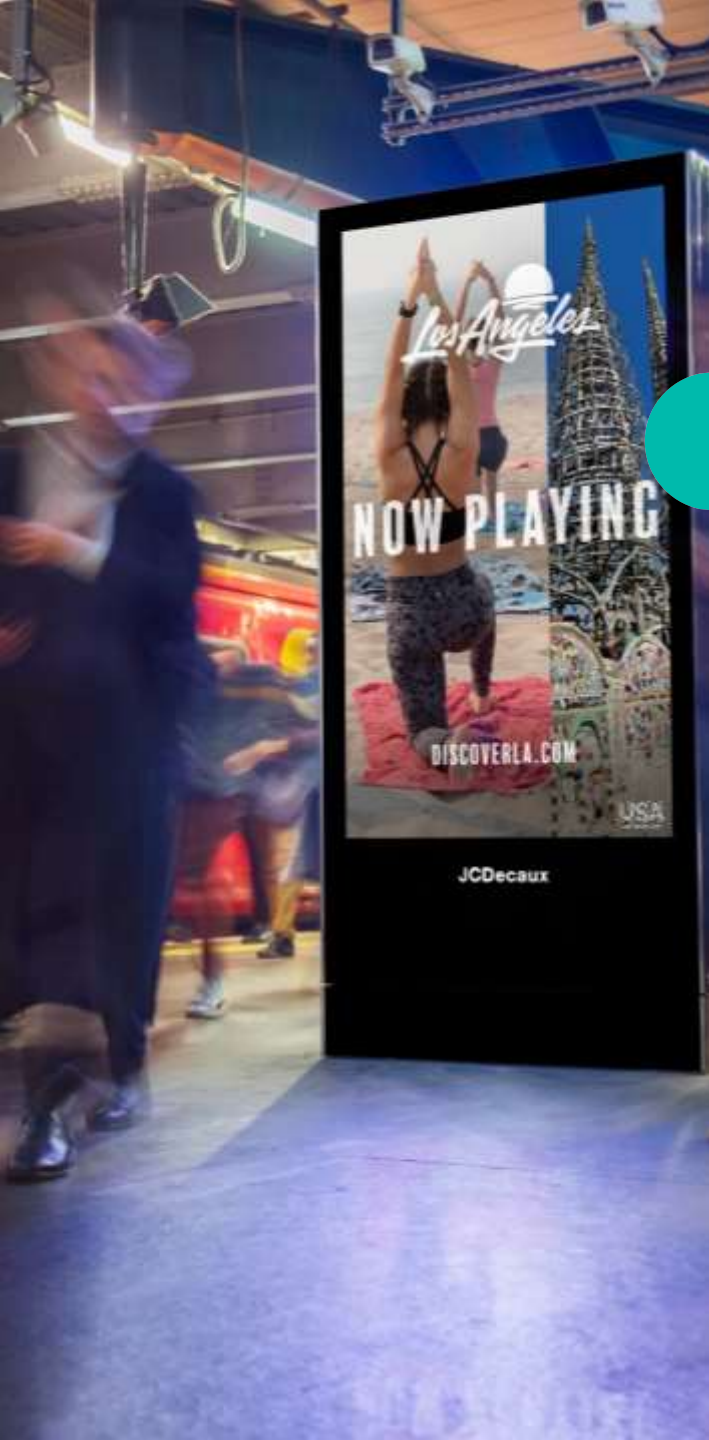




Fall Advertising Campaign

LA Tourism





Fall Advertising Campaign

- More than 250 million impressions (500 million goal) and 500k web users (1 million goal) delivered thus far in the US, UK, MX and AUS/NZ.
- The majority of advertising will be spent prior to election.
- CPMs and Cost per Sessions in each market are competitive with the last flight of paid media at this time during the campaign.
- Combined pillar creative is helping elevate product.
- New HTML5 ads are outperforming traditional digital ads.







London Lites

- OOH Takeover (Oxford Street)
- Leveraging 1:1 match from BUSA with JCD throughout London and Manchester

Item 5a

Expansion Update



Item 6a

Approval of FY2023-24 Earned and Discretionary Incentive Payments– Board Report #24-002



Earned and Discretionary Incentives

- Actuals for Fiscal Year 2023-24
- Goals for Fiscal Year 2024-25

Recommendations for the Board's Consideration

- Approve payment of the Earned and Discretionary Incentive Fees for Fiscal Year 2023-24
- Approve the Discretionary Incentive goals and metrics proposed for Fiscal Year 2024-25

Three Types of Annual Fees

- Base Management Fee – annual fixed fee paid in monthly increments, paid for performance in the amount of \$175,000.00 subject to the annual CPI adjustment (capped at 2%).
- Earned Incentive Fee (EIF) – annual fee that is earned when actual revenues exceed budget. Maximum potential EIF is 50% of the Base Management Fee.
- Discretionary Incentive Fee (DIF) – annual fee eligible for consideration upon satisfying the requirements of the Earned Incentive Fee AND the DIF annual goals. Maximum potential DIF is 50% of the Base Management Fee.

Base Management Fee

(subject to the annual CPI adjustment)

<u>Fiscal Year</u>	<u>Base Management Fee</u>
FY 2013-14	\$118,078.00
FY 2014-15	\$177,616.90
FY 2015-16	\$179,025.28
FY 2016-17	\$182,298.60
FY 2017-18	\$185,827.03
FY 2018-19	\$189,543.60
FY 2019-20	\$193,334.40
FY 2020-21	\$195,970.32
FY 2021-22	\$199,889.73
FY 2022-23	\$203,887.52
FY 2023-24	\$207,965.27

Earned Incentive Fee

The Earned Incentive Fee is calculated as 75 % of the amount by which the actual total Operating Revenues exceed budgeted Operating Revenues, capped at 50 % of the Base Management Fee

Budgeted Operating Revenues (Revised)	Actual Operating Revenues	Variance	75% of Variance	Base Management Fee - FY 24	Maximum Earned Incentive Fee
\$28,791,230	\$34,532,664	\$5,741,434	\$4,306,076	\$207,965.27	\$103,982.64

Discretionary Incentive Fee – FY 2023-24

The maximum potential Discretionary Incentive Fee for Fiscal Year 2023-24 is \$103,982.63.

Discretionary Incentive Fee – FY 2023-24

- In September 2023, the Board approved the performance goals outlined below.
- Goals and metrics were mutually agreed upon by CTD and AEG-LACC.

Category 1 – 40%	Implementation of Enhanced Customer Service	Permanent
Category 2 – 40%	Implementation of Enhanced Facility Maintenance	Permanent
Category 3 – 20%	Implementation of Property and Service Enhancements	Flexible

Category 1

Implementation of Enhanced Customer Service

CATEGORY 1		Goals	Result
1a.	Overall client satisfaction (AEG surveys)	4.7	4.7
1b.	Overall client satisfaction (LATCB surveys)	4.1	3.7
1c.	Overall satisfaction with Facility Security (AEG surveys)	4.6	4.6
1d.	Operational improvements that enhanced customer service	Meet Expectations	Expectations Met
1e.	Overall satisfaction with food and beverage (AEG surveys)	4.5	4.6
1f.	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.4
1g.	Food and beverage profit margin	25%	20%

Category 1

Implementation of Enhanced Customer Service

The results for Category 1 were based on customer surveys conducted by both AEG-LACC and the Los Angeles Tourism & Convention Board (LATCB). CTD believes AEG-LACC demonstrated an overall satisfactory performance in Category 1, even though AEG-LACC missed the goals for 1b. and 1g. with a small margin.

The slightly lower result for subcategory 1b. is due to a few clients' comments regarding the condition of the building and the need for modernization; hotel labor strikes, homelessness and the general condition and safety of the surrounding areas; insufficient hotel inventory; and transit to LAX.

Category 1

Implementation of Enhanced Customer Service

Food and beverage profit margin under subcategory 1g. resulted from the type of events, which determines the ratio of catering vs concession sales, and food labor costs. Concession sales, which typically have a lower profit margin, had a larger year-over-year increase compared to catering sales.

Category 2

Implementation of Enhanced Facility Maintenance

CATEGORY 2		Goal	Result
2a.	Recycling diversion rate	65%	65%
2b.	Total facility zero waste diversion rate	75%	76%
2c.	Sustainability initiatives related to waste management completed	Meet Expectations	Expectations Met
2d.	Completion of preventative maintenance, corrective maintenance and quarterly reporting	Pass	Passed
2e.	Operational improvements and efficiencies implemented	Meet Expectations	Expectations Met

Category 2

Implementation of Enhanced Facility Maintenance

- **Sustainability Initiatives Related to Waste Management Completed** – AEG-LACC targeted the food services area during Fiscal Year 2023-24, and focused on increasing the organics collection stream and upcycling/repurposing where available.
- **Completion of Preventative Maintenance work and quarterly reporting** - AEG-LACC demonstrated satisfactory performance.
- **Highlights of operational improvements and efficiencies**
 - Achieved Green Business certification in March 2024.
 - Purchased (3) additional ADA lifts to enhance client service in halls and meeting rooms. This provides much needed assistance for attendees with mobility challenges who need to access stages.
 - Upgraded fire pump controls which were intermittent and obsolete. This improved fire and life safety for the building.
 - Upgraded all exterior neon sign lighting to energy efficient and reliable LEDs.

Category 2

Implementation of Enhanced Facility Maintenance

CTD believes AEG-LACC demonstrated an overall satisfactory performance in Category 2.

Category 3

Implementation of Property and Service Enhancements

AEG-LACC was tasked with developing and executing client and guest-facing enhancements to the property and services to support an elevated onsite experience. The following are highlights of property and service enhancements completed by AEG-LACC which CTD believes demonstrate satisfactory performance for this category:

Category 3

Implementation of Property and Service Enhancements

- Redesigned and transformed the underperforming vending room into a frictionless market generating additional revenue. Guests at the LACC now have a convenient outlet for purchasing a variety of snacks and beverages.



Category 3

Implementation of Property and Service Enhancements

- Updated design and painted exterior and interior locations, including building and garage signage to assist clients and guests with clear directions.



Category 3

Implementation of Property and Service Enhancements

- Added barricades and designed new bike rack covers to enhance security, functionality and aesthetics.



Category 3

Implementation of Property and Service Enhancements

- Launched Film Friday on social media platforms to showcase LACC as a prime filming location.
- Reintroduced a dedicated guest service team to enhance the overall guest experience and offer additional assistance to our guests.
- Execution of enhanced site visit presentations with the Executive Chef to showcase unique food and beverage offerings, elevating the overall client experience.

Category 3

Implementation of Property and Service Enhancements

- In partnership with the renowned Dagaro Ella Gallery and South African artist, Marco Olivier, LACC was able to display two captivating sculptures to its visitors. LACC remains dedicated to fostering cultural exchanges, enhancing cultural awareness, and encouraging artistic innovation.



Category 3

Implementation of Property and Service Enhancements

- Extensively modernized the Compass and Galaxy concession outlets to enhance throughput and improve the overall guest experience.



Category 3

Implementation of Property and Service Enhancements

- LACC took deliberate steps to enhance both indoor and outdoor spaces, ensuring a more pleasant and relaxing experience for visitors.



Recommendation

That the Board approve the payment of the Discretionary Incentive Fee (DIF) and Earned Incentive Fee (EIF) for Fiscal Year 2023-24, in the amount of \$207,965.27.

Item 6b

FY2024-25 Incentive Fee Goals – Board Report #24-003



Goals For FY 2024-25

- The Board shall annually set the goals for the Discretionary Incentive Fee.
- Categories defined by both the Management Agreement & staff.
- Goals and metrics mutually agreed upon by CTD and AEG-LACC.
- Quantitative vs. Qualitative.

Category 1 – 40%	Implementation of enhanced customer service	Permanent
Category 2 – 40%	Implementation of enhanced facility maintenance	Permanent
Category 3 – 20%	Implementation of Property and Service Enhancements	Flexible

Category 1

Implementation of Enhanced Customer Service

		Goals FY24	Results FY24	Goals FY25
1a	Overall client satisfaction (AEG surveys)	4.7	4.7	4.7
1b	Overall client satisfaction (LATCB surveys)	4.1	3.7	4.1
1c	Overall satisfaction with Facility Security (AEG surveys)	4.6	4.6	4.6
1d	Operational improvements that enhanced customer service	Meet Expectations	Expectations Met	Meet Expectations
1e	Overall satisfaction with food and beverage (AEG surveys)	4.5	4.6	4.5
1f	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.4	4.5
1g	Food and beverage profit margin	25%	20%	20% - 25%

For FY25, CTD expects a shift in the type of events, as well as a need for discounts and incentives to strengthen client relationships and maintain satisfaction during the expansion/modernization construction period.

Category 2

Implementation of Enhanced Facility Maintenance

		Goals FY24	Results FY24	Goals FY25
2a	Recycling diversion rate*	65%	65%	90%
2b	Total facility zero waste diversion rate**	75%	76%	-
2c	Sustainability initiatives related to waste management completed	Meet Expectations	Expectations Met	Meet Expectations
2d	Completion of preventative maintenance, corrective maintenance and quarterly reporting	Pass	Passed	Pass
2e	Operational improvements and efficiencies implemented	Meet Expectations	Expectations Met	Meet Expectations

*Note: The City's Green New Deal target is 90% for FY25. The goals for future Fiscal Years will be increased to align with the Green New Deal.

**Note: This goal is being removed from DIF considerations, however AEG-LACC will track the data and report to CTD annually.

Category 3

Implementation of Property and Service Enhancements

Develop and execute client and guest-facing enhancements to the property and services to support an elevated onsite experience.

Examples of client and guest-facing enhancements could be: construction coordination with the crews; dust and noise mitigation efforts; pathway/walkway management; and others.

Category 3

Historical Subject Areas

Fiscal Year	Category 3 Subject Area
2013-14	Implementation of Enhanced Public Safety
2014-15	Implementation of Enhanced Public Safety
2015-16	Capital Improvement Projects, Alterations & Improvements, Capital Equipment Purchases
2016-17	Capital Improvement Projects, Alterations & Improvements, Capital Equipment Purchases
2017-18	Implementation of Food Services
2018-19	Implementation of Food Services
2019-20	Implementation of Food Services
2020-21	Alternative Use of Facility
2021-22	Re-opening and Fiscal Responsibility
2022-23	Recovery and Fiscal Responsibility
2023-24	Implementation of Property and Service Enhancements
2024-25	Implementation of Property and Service Enhancements

Recommendation

That the Board adopt the proposed Discretionary Incentive Fee goals for the 2024-25 Fiscal Year.

Item 6c

Proposed Appendix E for Fiscal Year 2024-25
to the Agreement between CTD and LATCB –
Board Report #24-004



OVERVIEW OF 2024-25 APPENDIX E

LOS ANGELES TOURISM & CONVENTION BOARD CONTRACT

BOARD OF CITY TOURISM COMMISSIONERS
OCTOBER 16, 2024



LATCB BACKGROUND

Los Angeles Tourism & Convention Board (LATCB)

- First contracted with the City of Los Angeles (City) in 1976
- City Tourism Department's (CTD) governance gives oversight of LATCB contract to CTD
- Current contract term through June 30, 2030

Services Provided

- To book and assist in licensing the Los Angeles Convention Center (LACC)
- To book meetings and conventions in hotels
- To promote Los Angeles in domestic and international markets

Constituents

- LACC, City of Los Angeles
- Hoteliers
- Hospitality and tourism industry partners
- Customers (meeting planners, travel industry, visitors)
- Consumer and travel trade media

LATCB FUNCTIONAL OVERVIEW

**SALES &
SERVICES**

MARKETING

**INDUSTRY
RELATIONS &
MEMBERSHIP**

**BUSINESS
OPERATIONS**

**CITYWIDE
CONVENTION SALES**

**BRAND & DIGITAL
MARKETING**

MEMBERSHIP

**FINANCE &
ACCOUNTING**

HOTEL SALES

**GLOBAL
COMMUNICATIONS**

BOARD GOVERNANCE

HUMAN RESOURCES

**CLIENT &
DESTINATION
SERVICES**

**GLOBAL TOURISM
DEVELOPMENT**

INDUSTRY RELATIONS

**TECHNOLOGY
SOLUTIONS**

**OPERATIONS &
MARKETING**

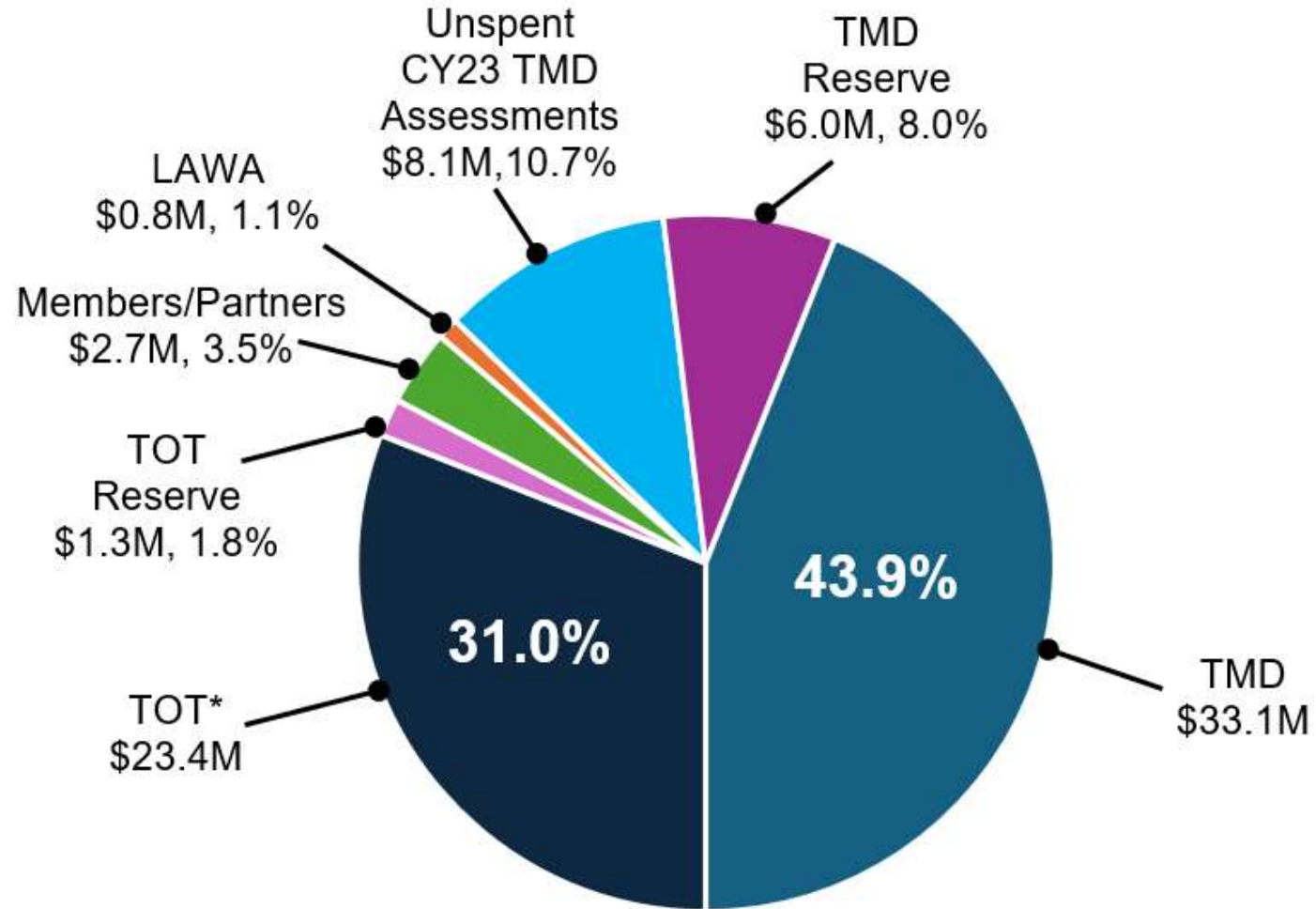
PRODUCT MARKETING

**CONTRACT
MANAGEMENT**

**BUSINESS
INTELLIGENCE**

LATCB RESOURCES FY 2024-25

Source: LATCB Budget, as of August 2024



TOTAL BUDGET = \$75.4M

*Gross collections less City Services

TOT FUNDS FOR LATCB CONTRACT

14% hotel/transient occupancy tax (TOT) collected by hotel/motel operators and short-term rentals and remitted to the City

- 1 percentage point - Los Angeles Tourism & Convention Board
- 13 percentage points - City's General Fund (GF)
 - 1 percentage point - Department of Cultural Affairs
 - 3.5 percentage points – was allocated towards LACC Debt Service

NET TOT ALLOCATION TO LATCB			
Actual 2021-22	Actual 2022-23	Actual 2023-24	LATCB Adopted Budget 2024-25
\$18,071,000	\$23,444,000	\$23,505,000	\$25,638,000

PRIMARY GOAL OF LATCB CONTRACT

- **To grow the local economy by promoting the City as a premier destination globally.**
- Four core objectives outlined in Appendix E to assist with achieving this goal.

CORE OBJECTIVES

1. Increase number of people visiting LA as both a convention and tourist destination to increase economic benefits derived from out-of-town visitors to the City;
2. Measure economic impact from citywide conventions and the tourism and hospitality sector;
3. Facilitate and track engagement with those visiting LA for conventions and leisure travel to enhance visitor experience with the intent of encouraging repeat visitation and longer stays; and
4. Effectively leverage TOT funds with other sources of funds to promote conventions and tourism to maximize yield from City's investment.

FISCAL YEAR 2024-25 CONDITIONS

- Increased domestic and global competition for leisure and group travel
- Factors impacting pace of international recovery
- Softening domestic sentiment/demand
- Challenges faced by Los Angeles and other major urban destinations
- Momentum from Olympic and Paralympic Games leading to 2028
- LACC Expansion & Modernization

FISCAL YEAR 2024-25 PRIORITIES

- Major Fall 2024 and Spring 2025 marketing campaigns
 - Target key domestic and international markets to balance high yield/high volume
 - Leverage partnerships with BrandUSA and Visit California
- Strategic use of booking incentives and other tools to drive short-term business and build awareness
- Focus on strengthening data-driven reporting with robust Business Intelligence program in order to inform strategies

METRICS HIGHLIGHTS

Objective 1: Increase the number of visitors to LA	FY 2022-23 Actual	FY 2023-24 Forecast	FY 2023-24 Actual	FY 2024-25 Forecast
Total visitors to LA County	47.8 M	50.8 M	49.9 M	51.1 M
Total overnight domestic visitors	24.8 M	26.0 M	25.4 M	25.5 M
Total international visitors	5.1 M	6.5 M	6.4 M	7.2 M
Citywide/center events hosted at the LACC				
Number of events	20	15	15	21
Reported number of delegates	376,525	201,000	233,064	270,000
Total number of room nights	163,689	160,000	155,230	201,000

METRICS HIGHLIGHTS

Objective 2: Measure the economic impact of citywide conventions and tourism	FY 2022-23 Actual	FY 2023-24 Forecast	FY 2023-24 Actual	FY 2024-25 Forecast
City of LA TOT revenue to General Fund	\$310.0 M	\$342.4 M	\$316.0 M	\$342.8 M
Number of room nights sold (LA County)	29.8 M	31.1 M	30.1 M	30.4 M
Hotel average daily rate (LA County)	\$201.31	\$204.80	\$195.46	\$197.58
Visitor direct spending	\$24.1 B	\$28.1 B	\$27.4 B	\$29.4 B
Leisure and hospitality sector jobs	533,535	512,400	538,992	547,077

RECOMMENDATION

The Board of City Tourism Commissioners approve the proposed Appendix E for Fiscal Year 2024-25 to the Agreement between the City Tourism Department and the Los Angeles Tourism & Convention Board.

Item 6d

Fiscal Year 2025-26 Budget Proposal – Board Report #24-0045



FISCAL YEAR 2025-26 PROPOSED BUDGET

Board of City Tourism Commissioners Meeting
October 16, 2024

ITEMS FOR DISCUSSION

1. Process
2. AEG-LACC Operating Budget
3. Overview of Proposed LACC Related Appropriations and Expenditures
4. Proposed CTD Budget for 2025-26
5. Proposed Capital Projects for 2025-26

DEADLINES FOR MAYOR'S PROPOSED BUDGET

1. November 22 – Departmental budget requests due to the Mayor's Office
2. February through March – Budget workshops are held with Departments, Mayor's Office and CAO to discuss budget requests
3. April 20 – Charter deadline for the Mayor to submit the Proposed Budget to the Council

DEADLINES FOR ADOPTED BUDGET

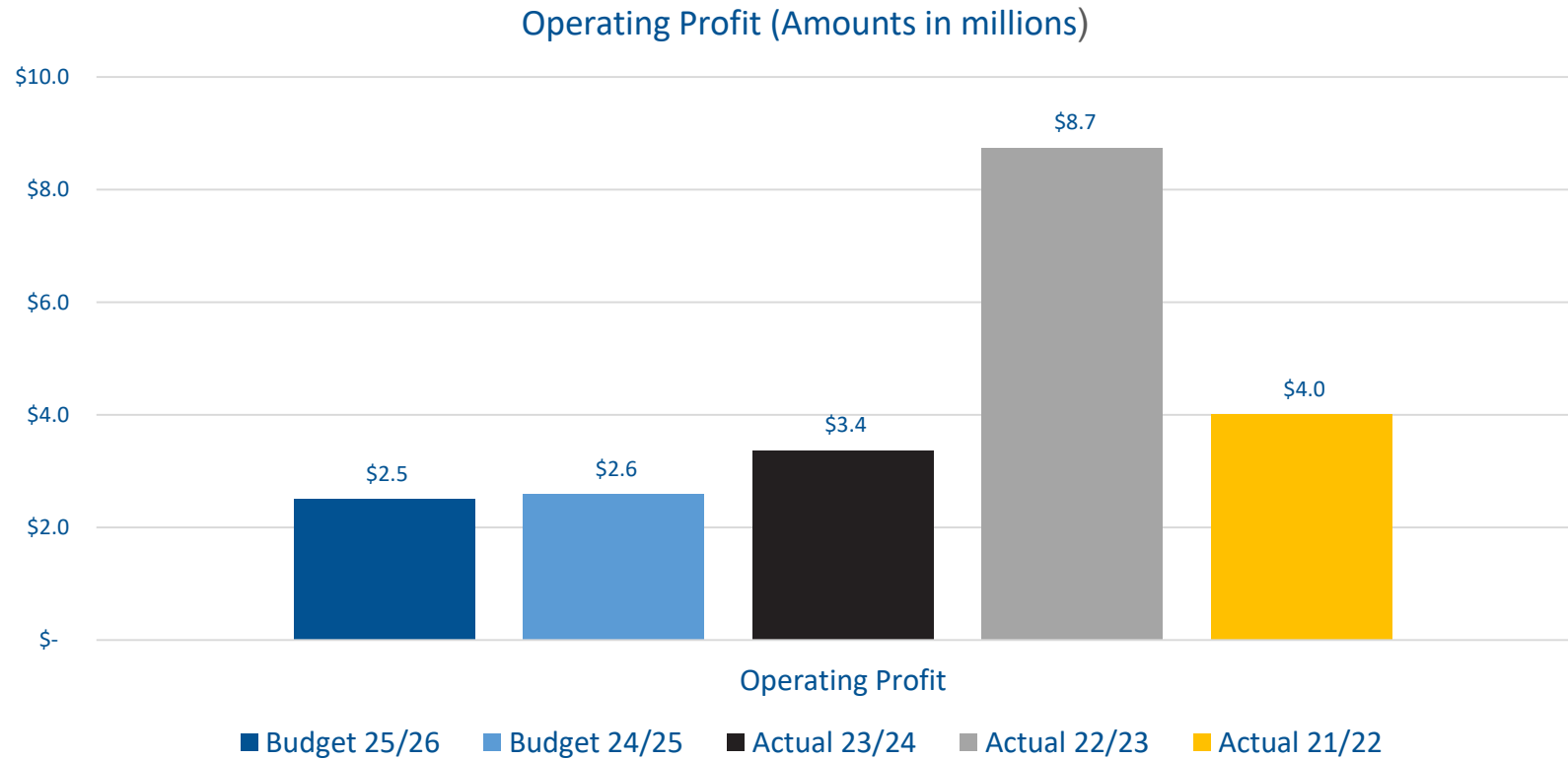
1. April to May – Council's Budget and Finance Committee reviews the budget and makes recommendations to Council
2. May – Public hearings and Council consideration of the budget and Committee's recommendations
3. June 1 – Charter deadline for Council to adopt budget as proposed by the Mayor or as modified by Council
4. June 2 – 8 – Mayor has five working days to review any changes made by Council and to approve or veto any items changed
5. June 9 – 15 – Council has five working days to reconsider any Mayor's vetoes and may sustain or override each veto by a two-thirds vote.
6. Budget is adopted.

OVERVIEW OF AEG-LACC OPERATING BUDGET

(Accrual Basis)

LACC 25/26 BUDGET

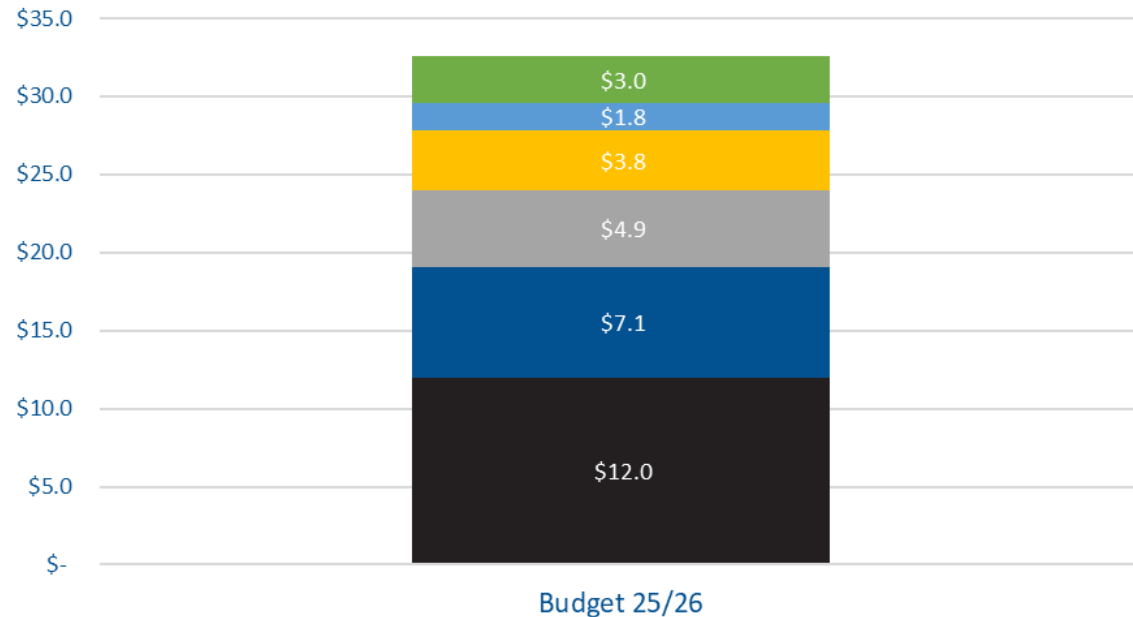
Operating Profit (Before City Reimbursement and A&I in LACC 25/26 Budget)



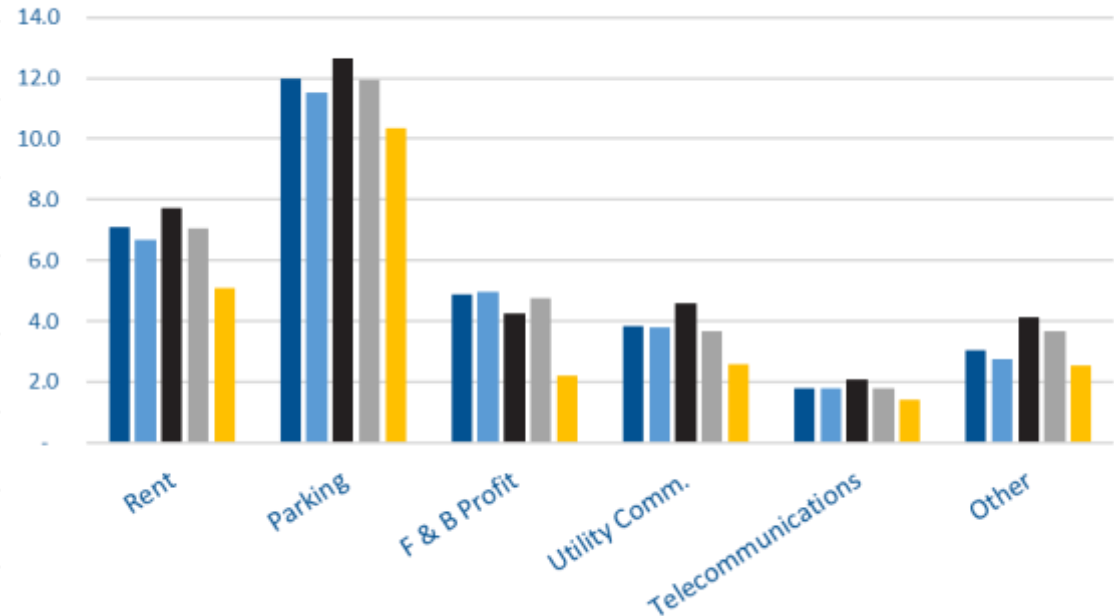
LACC 25/26 BUDGET

- \$32.6 million in revenue
- Parking revenue accounts for 37% of LACC revenues
- Net rent of \$7.1 million (\$4.7 million in discounts)

LACC Revenues (Amounts in millions)



Yearly Revenues (Amounts in millions)

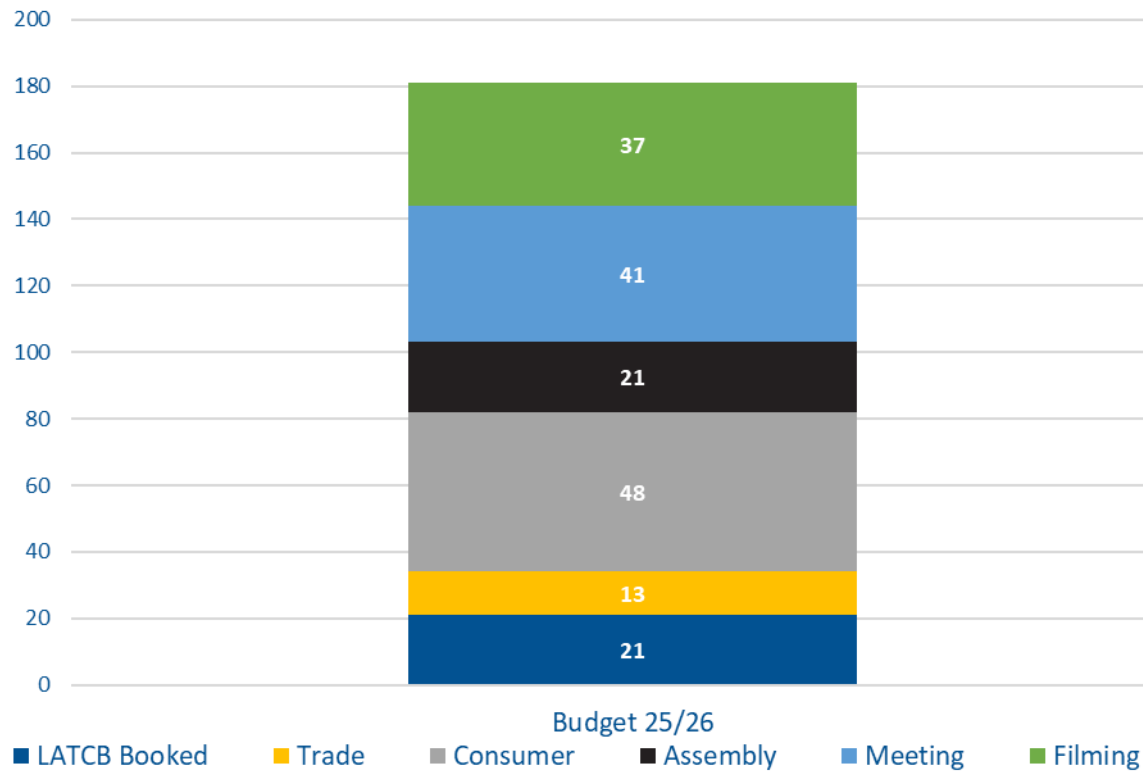


■ Parking ■ Rent ■ F & B Profit ■ Utility Comm. ■ Telecommunications ■ Other ■ Budget 25/26 ■ Budget 24/25 ■ Actual 23/24 ■ Actual 22/23 ■ Actual 21/22

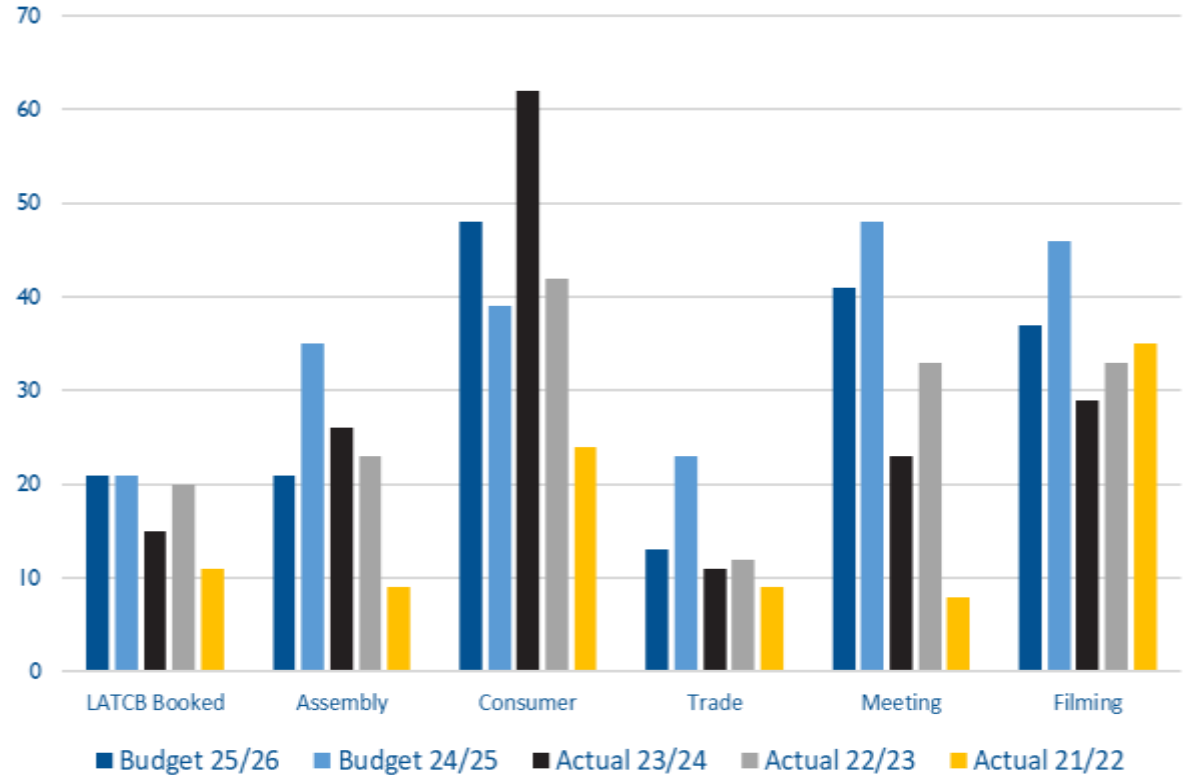
LACC 25/26 BUDGET

181 Events in Fiscal Year 2025/2026

FY25/26 Event Mix



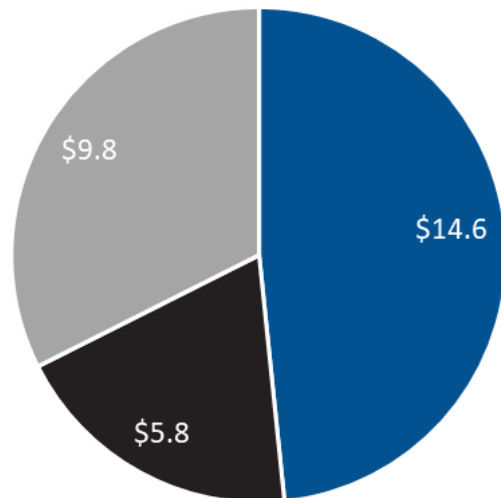
Historical Event Mix



LACC 25/26 BUDGET

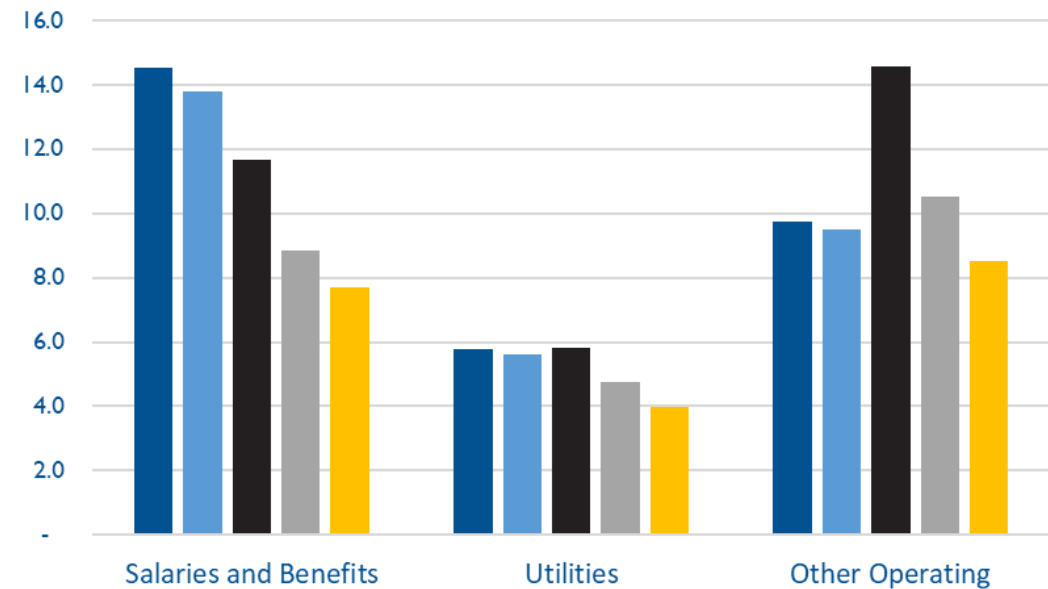
- \$30.1 million in Operating Expenses
- 48% Wages and Benefits
- 19% Utilities
- 33% Other (Building Maintenance, Materials & Supplies, Administrative, etc.)

Operating Expenses (Amount in millions)



■ Salaries and Benefits ■ Utilities ■ Other Operating

Yearly Expenses (Amounts in millions)



■ Budget 25/26 ■ Budget 24/25 ■ Actual 23/24 ■ Actual 22/23 ■ Actual 21/22

LACC 25/26 BUDGET

Risks:

- Loss of clients due to construction impact
- Significant construction concessions/discounts
- Increased repairs
- Increase in utility rates and in prices of goods and services/labor
- Continued economic uncertainty or recession

Opportunities:

- Increase in short-term bookings (LATCB and LACC)
- Increase upsell of existing clients

CITY BUDGET OVERVIEW OF PROPOSED LACC RELATED APPROPRIATIONS & EXPENDITURES (Cash Basis)

CTD-LACC PROPOSED BUDGET REQUESTS

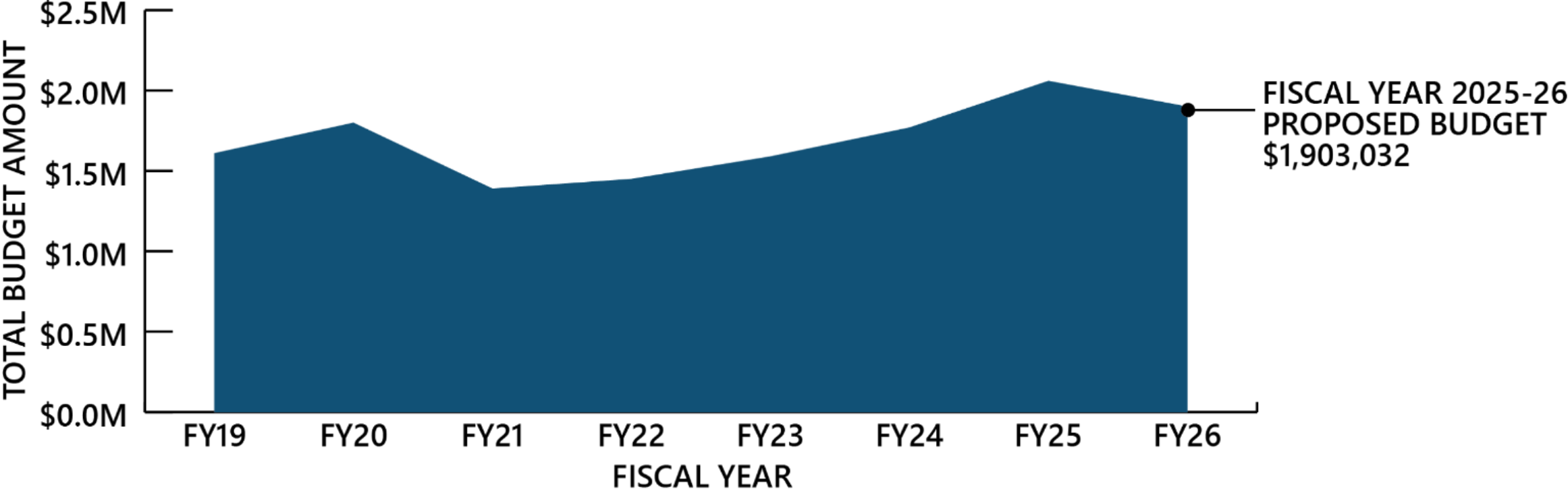
ON-BUDGET EXPENDITURES	AMOUNT	SOURCE OF FUNDS
CITY TOURISM DEPARTMENT*	\$1.9 MILLION	LACC OPERATING REVENUES/CVB TRUST FUND
GENERAL FUND REIMBURSEMENT*	\$1.1 MILLION	LACC OPERATING REVENUES
OFF-BUDGET EXPENDITURES	AMOUNT	SOURCE OF FUNDS
LACC AEG OPERATING BUDGET	\$29.6 MILLION	LACC OPERATING REVENUES
LATCB BUDGET	TBD	TOT/CVB TRUST FUND
CIP EXPENDITURES	AMOUNT	SOURCE OF FUNDS
VARIOUS CAPITAL PROJECTS	\$33.8 MILLION	GENERAL FUND or MICLA

**Will be adjusted upon receipt of the Wages and Count report from CAO's Office*

CTD TOTAL BUDGET

FISCAL YEARS 2018-19 THROUGH 2024-25: ADOPTED BUDGET

FISCAL YEAR 2025-26: PROPOSED BUDGET



PROPOSED CTD BUDGET

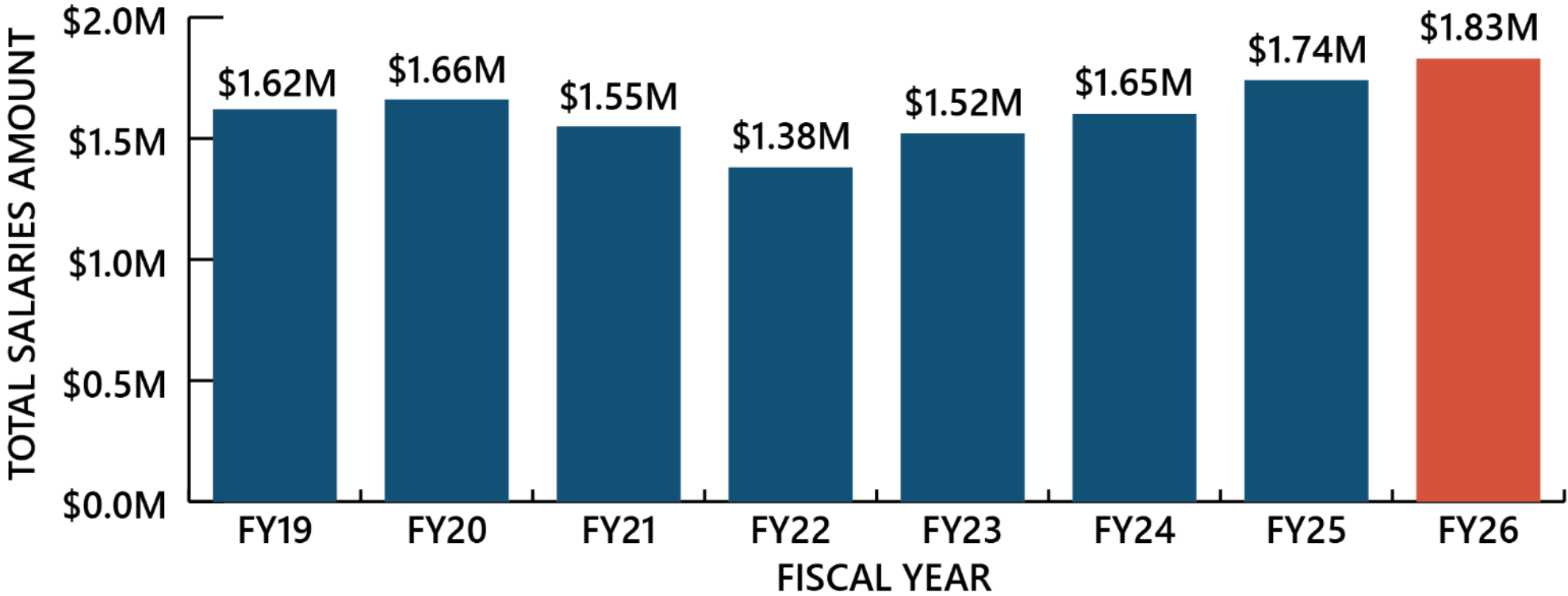
LINE ITEM	FY23 BUDGET	FY24 BUDGET	FY25 BUDGET	FY26 BUDGET*
SALARIES GENERAL	\$1,480,840	\$1,612,242	\$1,704,392	\$1,794,249
SALARIES AS-NEEDED	31,783	31,783	31,783	31,783
OVERTIME	5,000	5,000	5,000	5,000
PRINTING & BINDING	5,000	5,000	5,000	5,000
CONTRACTUAL SERVICES	35,000	35,000	285,000	35,000
TRANSPORTATION EXPENSE	6,000	6,000	6,000	6,000
UTILITIES EXPENSE	6,000	6,000	6,000	6,000
OFFICE & ADMIN	20,000	20,000	20,000	20,000
TOTAL	\$1,589,623	\$1,721,025	\$2,063,175	\$1,903,032

**Salaries General line item and total budget will be adjusted upon receipt of the Wages and Count report from CAO's Office*

TOTAL SALARIES

FISCAL YEARS 2018-19 THROUGH 2024-25: ADOPTED BUDGET

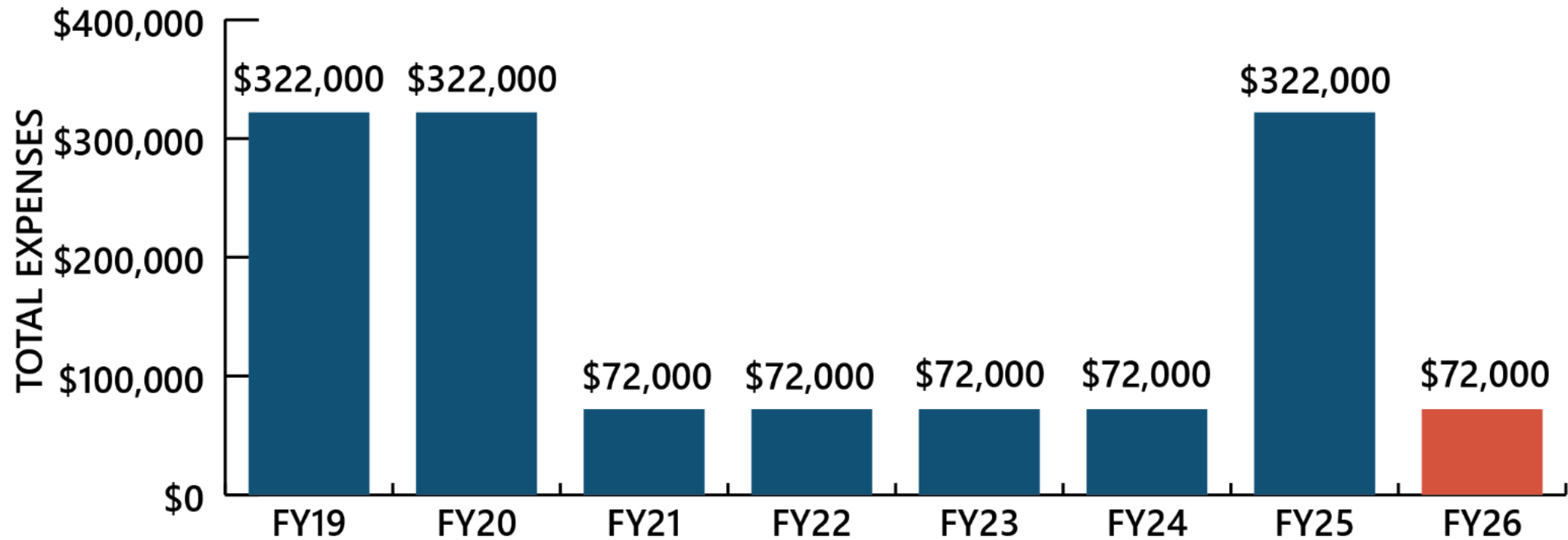
FISCAL YEAR 2025-26: PROPOSED BUDGET



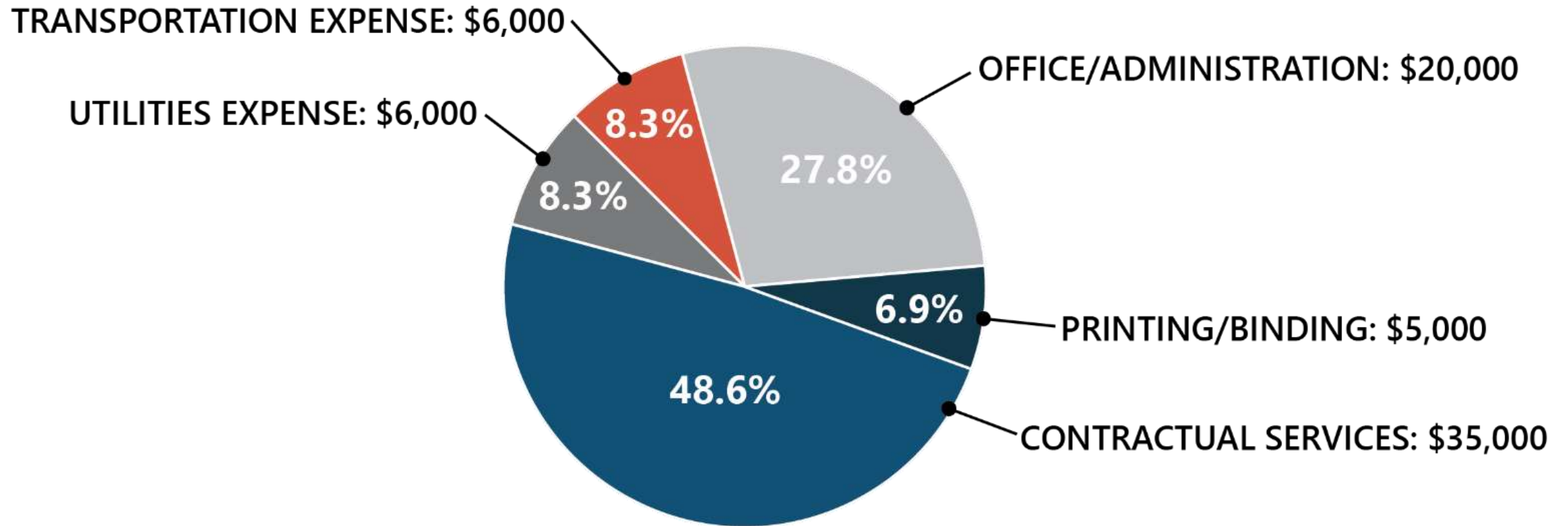
TOTAL OPERATING EXPENSES

FISCAL YEARS 2018-19 THROUGH 2024-25: ADOPTED BUDGET

FISCAL YEAR 2025-26: PROPOSED BUDGET



TOTAL OPERATING EXPENSES: \$72,000
FISCAL YEAR 2025-26 PROPOSED BUDGET



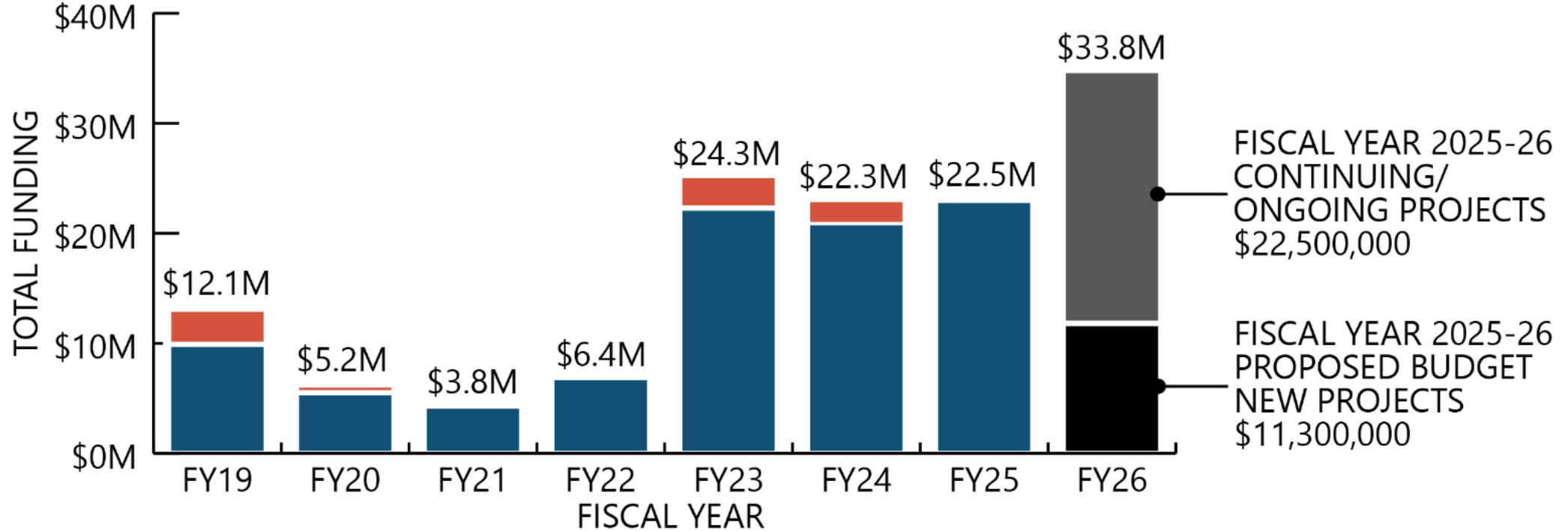
OTHER BUDGET ITEMS

DESCRIPTION	APPROPRIATION	ONE-TIME / ONGOING	NOTES
Credit towards Staples Arena Debt Service Payment	-	Ongoing	CTD does not recommend including the \$1 million for Staples debt service payment in the FY 2025-26 Budget as Staples bonds were paid off during FY 2022-23.
General Fund Reimbursement – indirect cost related to CTD	\$1,052,000	Ongoing	Source – LACC Revenue
Cash Flow Management Fund	\$5,000,000	Ongoing	Source – General Fund

PROPOSED CAPITAL & TECHNOLOGY IMPROVEMENT EXPENDITURE PROGRAM REQUESTS

OVERVIEW OF APPROVED FUNDING & PROPOSED BUDGET

LACC FACILITY CTIEP & ALTERATIONS & IMPROVEMENTS



SUMMARY OF PROPOSED NEW CAPITAL & TECHNOLOGY IMPROVEMENT EXPENDITURE PROGRAM REQUESTS

Priority Ranking	Project Name	Proposed Funding Source	2025-26 Budget Request	Project Phase
1*	LACC Restroom Modernization	General Fund or MICLA	\$7,000,000	1 of 5
2*	LACC Fire Pump Replacement	General Fund or MICLA	\$700,000	1 of 5
3*	LACC Automatic Transfer Switches (ATS)	General Fund or MICLA	\$450,000	1 of 5
4	LACC Building Uninterrupted Power Supply Replacement	General Fund or MICLA	\$450,000	1 of 5
5*	LACC Power Transformer Replacement	General Fund or MICLA	\$700,000	1 of 5
6	LACC Event Equipment	General Fund or MICLA	\$850,000	1 of 3
7	LACC Private Branch Exchange (PBX) Replacement	General Fund or MICLA	\$300,000	1 of 1
8*	LACC Radio System Upgrade	General Fund or MICLA	\$350,000	1 of 1
9	LACC Fleet Replacement	General Fund or MICLA	\$500,000	1 of 5
		TOTAL	\$11,300,000	

*Note: The projects denoted with * will need to be implemented in coordination with the LACC Expansion and Modernization Project.*

SUMMARY OF PROPOSED CONTINUING/ONGOING CAPITAL & TECHNOLOGY IMPROVEMENT EXPENDITURE PROGRAM REQUESTS

Priority Ranking	Project Name	Proposed Funding Source	2025-26 Budget Request	Project Phase
1*	LACC Waterproofing Upgrades	General Fund or MICLA	\$10,000,000	4 of 4
2*	LACC Cooling Tower Replacement	General Fund or MICLA	\$3,800,000	2 of 2
3*	LACC Building Automation System Upgrade	General Fund or MICLA	\$1,000,000	3 of 3
4	LACC Supply and Return Motor Replacement	General Fund or MICLA	\$1,100,000	3 of 3
5*	LACC Food Service Renovations and Additions	General Fund or MICLA	\$500,000	4 of 4
6*	LACC Electric Boiler Conversion	General Fund or MICLA	\$1,500,000	2 of 2
7*	LACC Escalator Replacement Program	General Fund or MICLA	\$1,750,000	3 of multiple
8	LACC IT Network Improvements	General Fund or MICLA	\$350,000	3 of 4
9	LACC Escalator and Elevator Modernization	General Fund or MICLA	\$500,000	8 of multiple
10*	LACC Elevator Upgrades	General Fund or MICLA	\$2,000,000	3 of multiple
		TOTAL	\$22,500,000	

*Note: The projects denoted with * will need to be implemented in coordination with the LACC Expansion and Modernization Project.*

RECOMMENDATION

That the Board of City Tourism Commissioners approve the CTD departmental budget submission for consideration by the Mayor's Office for the Fiscal Year 2025-26 Proposed Budget.