



Los Angeles Convention Center®

**LOS ANGELES CONVENTION CENTER
BOARD OF COMMISSIONERS**

Wednesday

June 4, 2014

9:00 a.m. – 10:30 a.m.

Los Angeles Convention Center
1201 S. Figueroa St., L.A., CA 90015

Executive Board Room

- ACTION**
1. Call to Order / Roll Call
 2. Public Comment
 3. Approval of the Meeting Minutes from May 7, 2014
 4. Monthly Status Reports for April 2014
 - a. AEG – Brad Gessner
 - b. LATCB – Darren Green
 5. Executive Director's Report
 - a. LATCB Contract – Marla Bleavins
 6. Ethics / Conflict of Interest Training – Renee Stadel
 7. Agenda Forecast / Special Topics:

June 18, 2014	-	Plan B Status, Hotel Strategy Status, LACTB Contract
July 2, 2014	-	Monthly Status Reports for May 2014
 8. Adjournment

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Materials related to an item on this agenda submitted to the Los Angeles Convention Center Department 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.

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**LOS ANGELES CONVENTION CENTER
BOARD OF COMMISSIONERS**

Regular Meeting Minutes

**May 7, 2014
9:00 a.m.**

The Los Angeles Convention Center Department Commission (Commission) convened a regular meeting on Wednesday, May 7, 2014 at 9:24 a.m., at the Los Angeles Convention Center (LACC), located at 1201 South Figueroa Street, Los Angeles, CA 90015, in the Executive Board Room.

ITEM NO. 1 CALL TO ORDER / ROLL CALL

The meeting was called to order by President Jon Vein.

Present:

President Jon F. Vein
Commissioner Otto Padron
Commissioner Gillian Zucker

Robert R. “Bud” Ovrom, Executive Director
Tom Fields, Assistant General Manager – Operations
Marla Bleavins, Assistant General Manager – Finance & Administration
Cristine Villorante, Recording Secretary
Glyn Milburn, Business Team Representative – Office of the Mayor
Terry Martin Brown, Assistant City Attorney – Office of the City Attorney
Brad Gessner, Sr. Vice President & General Manager of the LACC – AEG
Darren Green, Sr. Vice President of Sales – Los Angeles Tourism & Convention Board
Barbara Kirklichter, Sr. Director of Research & Revenue Strategy – Los Angeles Tourism & Convention Board
Don Skeoch, Chief Marketing Officer – Los Angeles Tourism & Convention Board
William Karz, Director of Digital Marketing – Los Angeles Tourism & Convention Board

Absent:

Vice President Ray Bidenost
Nicole Duckett Fricke

(Note: Agenda items were taken out of order. Non-action items were discussed until quorum was met.)

ITEM NO. 4 MONTHLY STATUS REPORTS FOR MARCH 2014

A. AEG

1. Mr. Gessner announced AEG's Employees of the Month and Leader of the Quarter
 - Sharon Dean (February Employee of the Month)
 - Rocio Valdon (March Employee of the Month)
 - Pat Rigali (Leader of the Quarter)

B. LATCB

1. Mr. Skeoch reported on the following:
 - The Guardian newspaper, ranked Los Angeles #1 in city branding. Curbed LA has picked up the story and LATCB is working on ways to distribute this story through traditional media and social media.

- Changes on asset, buzz, and comparison to California peer group:
 - Earned Media Support: LATCB has more funds to promote and market the City; \$21M in FY12 verses \$40M this year. As a result, Los Angeles was the cover story in GQ, Delta Skyline, United Hemisphere, and Food and Wine magazines.

Comparison: Visit California \$60M, San Francisco \$20M and San Diego \$10M.

* International offices: LATCB 6, Visit California 14

- Owned Media: LATCB doubled its website visitation to 7.1M

Comparison: Visit California 3.6M, San Francisco 4.6M, and San Diego 6.9M

* Los Angeles is the first city to break one million Facebook fans.

Comparison: Los Angeles 1.1M, Visit California 680K, San Francisco 600K, and San Diego 353K

* Travel and Leisure Magazine's SMITTY (Social Media in Travel and Tourism) Awards – LATCB has been nominated for runner up in its global social media efforts. Results will be announced next month.

- Paid Media: Domestic advertising is running in seven cities. For FY 13, a survey was done by SMARI (Strategic Marketing & Research, Inc.) to see how many people actually traveled to Los Angeles. The results showed that .5M incremental visitors came through LATCB's ad campaign and .25M additional room nights. Internationally, LATCB is in Australia, China and the United

Kingdom. China will grow double digits for next five years, largest overseas market.

ITEM NO. 5 EXECUTIVE DIRECTOR'S REPORT

A. Governance Ordinance

Mr. Ovrom reported that the Governance Ordinance has passed through City Council, signed by Mayor Garcetti, and effective June 9, 2014.

B. Action Plan

Mr. Ovrom reported that the Department's Action Plan/Annual Report has been published and thanked LATCB for their professional assistance on the layout, editing, photography clearances, and for paying for the report.

C. FY 14-15 Budget

Ms. Bleavins reported the following:

- Currently, the Budget & Finance Committee is considering the Mayor's budget. There are budget hearings scheduled with all City Departments. The LACC had its hearing last Friday, May 2, 2014, and submitted a supplemental letter to request more funding for Capital Improvement Projects (CIP) which totaled \$5.5M. These 14 CIP projects are critical in staying competitive. The Budget and Finance Committee recommended that these projects be added to the budget. The full City Council will vote on the budget on May 21, 2014.

President Vein recalled the initial CIP cost to be \$10M and asked what major projects will not be taken care of and are there steps that can be made to add those projects in the future.

In response, Mr. Fields stated that the 14 projects listed included everything that was critical or had a sense of urgency and did not have to wait on the outcome of Plan A or Plan B to engage, with the exception of the solar project, which will be taken care of separately.

Ms. Bleavins also added the sidewalk repair was also removed from the list, but will be funded through other means. The City has a lot of broken sidewalks, so LACC's sidewalk repairs will be incorporated into the City's Sidewalk Repair Project.

- Mr. Ovrom added that the Budget and Finance Committee gave the Department budget instructions during the Department's Budget Hearing.
 - Councilmember Koretz asked the Department to report back on how to reduce energy and water consumption.
 - Councilmember Krekorian asked the Department to report back on how to increase filming.
 - The CAO must report back on the Department's basic fundamental financial structure, which will be completed by the first quarter.

- CAO will report on what will be needed and the cost to put together a Commercial Paper Program for the LACC Department.
- CAO will report on financing on Plan A verses Plan B.
- The Department is to report back on the job placements of the former LACC employees.

F. LATCB Contract

Mr. Ovrom reported that the LATCB contract expires on June 30, 2014. A six month extension is being processed. The City has brought in George Fertitta with Bloomberg Consulting to assist on the development of a new contract.

(Note: Quorum was achieved at this point and agenda items resumed its standard order)

ITEM NO. 2 PUBLIC COMMENT

Ms. Dillard expressed her concerns with regards to the current drought and how it will affect the City's decisions relative to infrastructure and the use of bonds.

ITEM NO. 3 APPROVAL OF THE APRIL 23, 2014 MINUTES

The minutes were unanimously approved.

ITEM NO. 4 MONTHLY STATUS REPORTS FOR MARCH 2014 (continued)

A. AEG (continued)

2. 28 events held in March. Highlighted were:
 - LA Marathon Expo
 - California Democratic Convention
 - Feria De La Salud
 - Southern California Volleyball Association
 - 133,000 total attendees
 - Film Shoots

Mr. Gessner recognized Ms. Ellen Schwartz for her efforts in boosting the film shoots which has doubled since last year.

3. Mr. Gessner reported on AEG's budget and highlighted the following:
 - Finances are doing well, \$317K above forecast, \$.5M above year-to-date
 - Rental is up by \$67K, \$124K above year-to-date
 - Food and Beverage down \$26K (due to start-up costs), \$108K below year-to-date
 - Utilities on target, slightly off \$10K down (due to implementation of new programs)
 - Parking Revenue were \$195K up, \$.5M up year-to-date

- Working on new program for audio visual
- Currently renegotiating cell site contract
- Expenses were held down due to salary savings \$109K better, \$203K better year-to-date
- Tracking well for the year with a projected \$600K deficit verses \$2M deficit reported in November of last year.

President Vein asked how much parking revenue is generated through LACC events verses Staples events. In response, Mr. Keith Hilsgen, AEG's Vice President of Finance, stated that parking averages about \$10K per game.

Commissioner Zucker asked if the \$600K deficit includes the money that can be negotiated through the Auto Show to which Ms. Bleavins affirmed, the deficit would be \$900K without the Auto Show payment.

4. Projects

- Capital Improvement Projects – Researching the possibility of utilizing AEG in the RFP and bid process verses the City process, which can save the City some money.
- Advertising and Sponsorship Proposals – Will have significant revenue impact. There are two sponsors waiting. Currently consulting with the City Attorney due to the bond restrictions.

Ms. Kirklighter commented on LATCB's great post-convention call with National Cable and Telecommunications Association (NTCA). NTCA could not find anything negative to say about their conference. Not only did LATCB and LACC do everything right, it was a one-stop-shop, working well as a team. LATCB is working with NTCA for future events.

President Vein asked if we can market the positive feedback and testimonials. Mr. Skeoch stated that LATCB is mocking up some collateral materials for the LACC, so quotes can be added. Mr. Gessner suggested video tape testimonials as well.

Commissioner Zucker commented that when the City Council approves the CIP projects, the funds can be leveraged against the suppliers and would like to make sure we're exploring every opportunity.

B. LATCB (continued)

2. Mr. Karz demonstrated a virtual tour of the LACC through the LATCB site, which can be iframed into the LACC site as well and can be viewed on smart devices, all through 360 degree view.

Another product LATCB has is wayfinding, via Googlemaps. You can pinpoint your current location and ask how to get to another location within the Convention Center and it plots a course. It's currently available through desktop and through iPhone.

3. Mr. Green presented the LATCB monthly report and highlighted the following:
 - Citywide Events Forecast: 21 in 2015, 28 in 2016
 - Actualized events for the current year include the Association for Supervision and Curriculum Development (one of the larger events), Southern California Volleyball, and National Cable & Telecommunications Association.
 - Upcoming events include Society for Science and the Public and IDG World Expo (E3)
 - Lead production is close to the goal at 152
 - Booked room nights produced has increase by 14K since the last report with 134K year-to-date.
 - Prospects on the books for FY13 is 1.578M room nights, this year is 1.7M room nights.
 - LATCB is diversifying their base of business, going after consumer products, high tech., Harley Davidson and other high end associations.
 - Hotels are doing fairly well across the board, expecting groups that have a premium rate and premium spin.
 - Assist Conventions, Business Meetings and Trade Shows is at 389 year-to-date.
 - Promotional trips are a 5 year-to-day
 - Upcoming key dates:
 - ASAE Springtime, May 14-16
 - D.C. Sales Mission, June 2-6
 - GBTA, July 27-30
 - LATCB Customer Advisory Board, September 7-9
 - IAEE, December 9-11

ITEM NO. 5 EXECUTIVE DIRECTOR'S REPORT (Continued)

D. FY 13-14 Budget

Mr. Bleavins reported that last month, the City Administrative Officer reported LACC's deficit of \$925K in its Quarterly Financial Status Report. If the Auto Show funds come in, it would reduce the deficit to \$650K. The CAO is asking for \$650K from the Reserve Fund cover the deficit.

E. Capital Improvement Projects (CIP)

- Mr. Ovrom commented that this would be the biggest single infusion of cash the LACC has had since the 1993 expansion.
- Mr. Fields reported that the goal is to complete the CIP projects within the fiscal year, so a timeline must be put together. In addition, procurement and project management will be a big part of the process, so a lot of collaboration between AEG and the LACC Department staff.

Commissioners Zucker and Padron asked how we are using this information to leverage the client and promote the LACC. In response, Mr. Green stated that if the City commits to the funding of the CIP projects, that information can be communicated at the

LATCB's Advisory Board (where there is customer participation), through word of mouth, incorporated it into collateral packages or a communication piece.

ITEM NO. 6 AGENDA FORECAST / SPECIAL TOPICS

- President Vein suggested going paperless for future meetings.
- Meetings will continue twice a month for the next couple of months and revisit the meeting schedule in the future.

ITEM NO. 8 ADJOURNMENT

The meeting was adjourned at 10:30 a.m.

Los Angeles Convention Center Monthly Status Report April 2014

Brad Gessner



Los Angeles Convention Center®

Managed By 

LACC April Events

	EVENT	ATTENDANCE
	Jobkoreausa	2,500
4/4-4/6	Herbalife International of America, Inc.	2,000
	KJLH Radio / Taxi Productions Inc.	7,500
	DUB Magazine Custom Auto Show	22,000
	Naturalization (2)	12,800
	HLP A Career Expo	2,000
4/11-4/13	LA County Fire Department Testing	1,120
	Lucrazon Global	4,000
	International Gem and Jewelry Shows	1,350
	World of Dance Tour, Inc.	7,000
	Baisakhi 2014	5,000
	Expo 15 & Sweet 16	1,500
	Staples Center Foundation Community Easter	1,000
	LA County Sherriff's Department Testing	2,500
4/25-4/27	National Cable and Telecommunications	10,300
	El Shaddai DWXI-PPFII	2,000

Total Events: 23

Total Attendance: 87,530

LACC April Filming and Photo Events

DATE	NAME	AMOUNT GENERATED
April 2	Taken 3	\$ 6,130
April 13	MTV	\$ 14,938
April 15	BMW Stills	\$ 5,190
April 18	Hyundai Commercial	\$ 7,355
TOTAL		\$ 33,613

LACC April 2014 Financials - \$417K favorable for April; \$1.1 million favorable YTD

REVENUES - \$285K above forecast for April and \$799K above YTD forecast

- Rental Income
 - \$187K above April forecast and \$312K above YTD forecast
- Food & Beverage
 - \$1K above April forecast and \$107K below YTD forecast
- Utilities Revenue
 - \$3K above April forecast and \$44K below YTD forecast
- Parking Revenue
 - \$25K above April forecast and \$488K above YTD forecast
- Other (Event Billing, Communications, Audio/Visual, Cell Towers, and Sponsorship)
 - \$69K above April forecast and \$150K above YTD forecast

EXPENSES – \$132K better than forecast for April and \$335K better than YTD forecast

- Wages Salaries and Benefits
 - \$81K better than forecast for April and \$213K better than forecast YTD
- Other Expenses
 - \$51K better forecast for April and \$122K better than forecast YTD

AEG-LACC
Revenue Expense by Category - Revenue Expense
From 4/1/2014 Through 4/30/2014

Agenda item 4a

(In Whole Numbers)

	Period Actual	Period Budget	Period Budget Variance	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original	Total Budget
Revenue							
Rent							
Gross Rent	390,172	203,217	186,955	3,491,896	3,310,678	181,218	5,843,521
Discounts	<u>0</u>	<u>0</u>	<u>0</u>	(873,671)	(1,004,356)	130,685	(2,977,636)
Total Rent	390,172	203,217	186,955	2,618,225	2,306,322	311,903	2,865,885
Net Food and Beverage Revenue							
Food and Beverage Sales	736,851	463,004	273,847	3,151,701	2,559,505	592,196	4,966,305
Food and Beverage	(666,056)	(393,372)	(272,684)	(2,854,058)	(2,154,433)	(699,625)	(4,176,145)
Total Net Food and Beverage Revenue	70,795	69,632	1,163	297,643	405,072	(107,429)	790,160
Utility Services							
Utility Sales	57,880	57,968	(88)	1,358,313	1,355,359	2,954	5,046,859
Service Provider Share	(31,007)	(34,201)	3,194	(843,387)	(795,951)	(47,436)	(2,973,936)
Total Utility Services	26,874	23,767	3,107	514,925	559,408	(44,483)	2,072,923
Parking							
Parking, Net of Tax	621,101	596,464	24,637	3,335,113	2,846,657	488,456	4,044,893
Bond Obligation	(83,333)	(83,333)	0	(333,333)	(333,333)	0	(500,000)
Total Parking	537,768	513,130	24,637	3,001,779	2,513,323	488,456	3,544,893
Telecommunications							
Telecommunication sales	49,036	11,812	37,223	490,923	131,705	359,218	546,782
Service Provider Share	(28,584)	0	(28,584)	(297,712)	0	(297,712)	0
Total Telecommunications	20,451	11,812	8,639	193,211	131,705	61,505	546,782
Audio/Visual							
Audio Visual Sales	57,608	9,000	48,608	180,739	32,183	148,556	116,667
Service Provider Share	(47,782)	0	(47,782)	(146,491)	0	(146,491)	0
Total Audio/Visual	9,826	9,000	826	34,249	32,183	2,066	116,667
Event Billing							
All Event Services	<u>52,778</u>	<u>2,700</u>	<u>50,078</u>	<u>198,299</u>	<u>112,960</u>	<u>85,339</u>	<u>283,460</u>
Total Event Billing	52,778	2,700	50,078	198,299	112,960	85,339	283,460
Cell Towers	29,518	30,105	(588)	122,164	150,541	(28,378)	210,869
Advertising & Sponsorship	6,250	16,250	(10,000)	44,816	39,688	5,129	242,188
Other Income	<u>22,693</u>	<u>1,850</u>	<u>20,843</u>	<u>32,891</u>	<u>7,400</u>	<u>25,491</u>	<u>11,100</u>
Total Revenue	<u>1,167,124</u>	<u>881,464</u>	<u>285,660</u>	<u>7,058,201</u>	<u>6,258,603</u>	<u>799,598</u>	<u>10,684,927</u>
Expenses							
Personnel							
Salaries & Wages - Full Time	397,673	425,444	27,771	2,041,388	2,098,121	56,733	3,154,507
Salaries & Wages Part Time	66,447	90,804	24,357	302,034	382,748	80,715	564,357
Event Expenses	63,356	28,000	(35,356)	175,371	112,000	(63,371)	168,000
Parking Labor	56,703	74,558	17,855	334,417	357,419	23,002	507,198
Overtime	16,929	26,105	9,175	77,746	115,889	38,142	168,098
Payroll Taxes	38,107	53,863	15,756	233,736	269,815	36,078	392,747
Fringe Benefits	60,457	80,837	20,380	294,932	340,937	46,005	513,189
Workers Comp	<u>5,383</u>	<u>5,383</u>	<u>0</u>	<u>31,081</u>	<u>26,917</u>	<u>(4,164)</u>	<u>37,683</u>
Total Personnel	705,056	784,995	79,939	3,490,705	3,703,845	213,140	5,505,779
Other Expenses							
Printing & Binding	3,827	2,050	(1,777)	27,338	12,007	(15,331)	16,107
Contracted Services	244,155	249,035	4,880	1,233,158	1,215,775	(17,383)	1,726,345
Field Equipment	0	6,083	6,083	5,728	25,458	19,730	37,625
Maintenance Supplies	12,314	10,350	(1,964)	50,332	49,088	(1,244)	69,788
Transportation Reimbursement	400	1,250	850	1,320	3,750	2,430	6,250
Parking Expenses	32,827	40,313	7,486	225,202	233,349	8,147	313,983
Utilities	246,237	296,731	50,494	1,314,577	1,273,936	(40,641)	1,965,830
Office and Administration	12,269	417	(11,852)	15,158	1,979	(13,178)	2,813
Operating Supplies	19,854	25,000	5,146	121,772	118,750	(3,022)	168,750
Modification & Repairs	19,196	25,600	6,404	26,712	36,096	9,384	41,096
Advertising and Promotions	2,349	350	(1,999)	33,613	16,549	(17,064)	53,949
Uniforms	6,122	500	(5,622)	23,812	38,000	14,188	39,775
Recruiting	1,762	0	(1,762)	47,635	59,605	11,970	59,605
Employee Welfare	0	300	300	3,799	1,700	(2,099)	3,500
Insurance	6,041	6,333	292	30,208	25,333	(4,875)	61,333
Start-up Expenses	1,120	0	(1,120)	421,513	597,741	176,228	597,741
Depreciation	4,178	0	(4,178)	4,178	0	(4,178)	0
Management Fee	<u>14,583</u>	<u>14,583</u>	<u>0</u>	<u>88,911</u>	<u>87,500</u>	<u>(1,411)</u>	<u>167,708</u>
Total Other Expenses	<u>627,233</u>	<u>678,896</u>	<u>51,663</u>	<u>3,674,965</u>	<u>3,796,615</u>	<u>121,650</u>	<u>5,332,197</u>
Total Expenses	<u>1,332,289</u>	<u>1,463,890</u>	<u>131,601</u>	<u>7,165,669</u>	<u>7,500,460</u>	<u>334,790</u>	<u>10,837,976</u>
Total Expenses and Appropriations	<u>1,332,289</u>	<u>1,463,890</u>	<u>131,601</u>	<u>7,165,669</u>	<u>7,500,460</u>	<u>334,790</u>	<u>10,837,976</u>
Net Income (Loss)	(165,165)	(582,426)	417,261	(107,468)	(1,241,857)	1,134,389	(153,049)

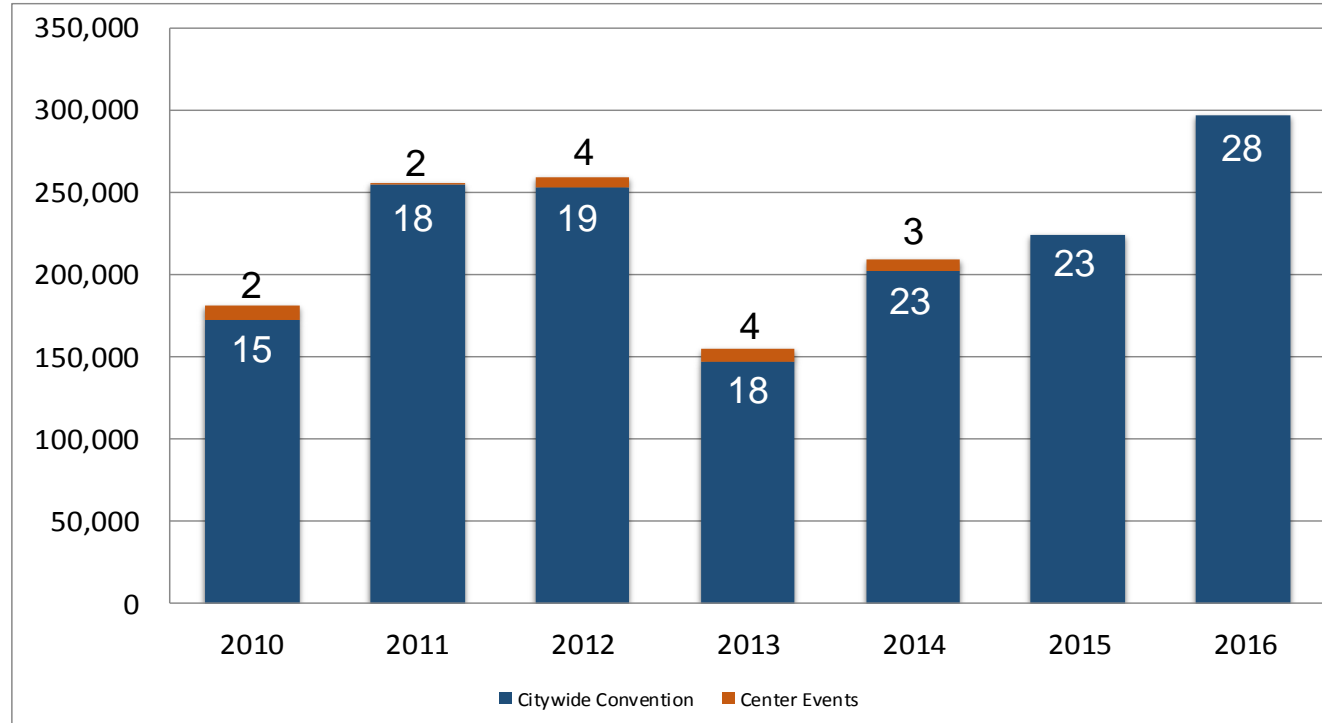
Los Angeles Tourism & Convention Board LACC Board of Commissioners



June 4, 2014



Citywide Conventions & Center Events Room Nights 2010 – 2016 Arrival Date



Upcoming Summer 2014 Citywide Conventions

Citywide Conventions Upcoming	Month	Dates	Total Room Nights
IDG World Expo- E3	June	10-13	31,846
HITEC- Hospitality Financial and Technology Professionals	June	24-26	4,880
BET- Black Entertainment Television	June	27-29	3,990
Society for the Promotion of Japanese Animation	July	3-8	8,775
American Federation of Teachers	July	10-14	14,843
National Council of La Raza	July	19-22	4,395
Global Business Travel Association	July	26-30	18,991

Upcoming Fall 2014 Citywide Conventions

Citywide Conventions Upcoming	Month	Dates	Total Room Nights
League of California Cities	Sept	3-5	3,000
Adobe Systems	Oct	1-9	8,500
Audio Engineering Society	Oct	5-14	5,079
Society for Advancement of Chicanos and Native Americans in Science	Oct	12-20	5,668
Society of Women Engineers	Oct	22-25	6,052
UBM- Game Developers	Nov	31-6	4,726

APPENDIX E

(a) Citywide Convention Sales Production

Lead Production	Leads Actual
FY 13/14 Plan	200
FY 13/14 (Forecast)	200
FY 13/14 YTD	191

Booked Room Nights Produced	RNs Actual
FY 13/14 Plan	440,000
FY 13/14 (Forecast)	300,000
FY 13/14 YTD	145,653

Sales Pipeline- Future Years

- STLY 12/13 **132 Prospects**, representing **1,1,669,170 room nights**
- YTD 13/14 **150 Prospects**, representing **1,850,553 room nights**

New Hot Prospects



Smarter Commerce
Global Summit
2015
29,130 TRNs



2015
25,300 TRNs



All-Star Weekend
2017 or 2018
23,000+ TRNs

APPENDIX E

(b) Assist Conventions, Business Meetings & Trade Shows

Assist	Actual
FY 13/14 Plan	350
FY 13/14 Forecast	410
FY 13/14 YTD	399

Provide assistance including administrative advice and other services to 350 conventions, business meetings and trade shows to be held in Los Angeles.

APPENDIX E

(c.d) Pre-Promote Los Angeles

Conventions and Tradeshows attended prior to the Citywide Convention event held in Los Angeles.

Promotional Trips	Actual
FY 13/14 Plan	9
FY 13/14 Forecast	9
FY 13/14 YTD	6

- Global Business Travel Association – GBTA Aug 2013
- International Association of Exhibitions and Events – IAEE December 2013
- Forecasting over 60 Displays and Exhibits promoting Los Angeles at tradeshows and events



Sales Mission- New York City and Washington D.C.

Objective: LATCB and LACC Executives and LA Hotel
GMs meet with Northeastern U.S. based clients

Total Attending
New York City : 119
Washington D.C. : 108



Sales Calls with 3 Citywide Clients:



2016
18,525 TRNs



2018
15,704 TRNs



2018
10,560 TRNs



Los Angeles
TOURISM & CONVENTION BOARD

Critical Dates



- NYC and D.C. Sales Mission – June 2-6
- GBTA – July 27-30
- LATCB Customer Advisory Board – September 7-9, 2014
- IAEE – December 9-11