



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

Regular Meeting  
Wednesday  
November 19, 2014  
9:00 a.m. – 10:30 a.m.  
Los Angeles Convention Center  
1201 S. Figueroa Street, L.A. CA 90015  
**Executive Board Room**

1. Call to Order / Roll Call
2. Public Comment
3. Approval of Meeting Minutes
  - a. October 15, 2014 Joint Commission Meeting
  - b. October 15, 2014 Special Meeting
  - c. November 5, 2014 Regular Meeting

### **ACTION ITEMS:**

4. On-Site Hotel RFI – Bud Ovrom
5. E3 Discount Request – Marla Bleavins
6. FY 2016 Budget – Marla Bleavins

### **INFORMATIONAL ITEMS:**

7. Status Update on AEG Extension Agreement – Bud Ovrom
8. CIP Report – Tom Fields
9. LATCB Contract Update – Marla Bleavins
10. Agenda Forecast / Special Topics:

December 3, 2014	-	AEG Monthly Report for October 2014 LATCB Monthly Report for October 2014
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December 17, 2014	-	Expansion and Futurization Project Update
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Materials related to an item on this agenda submitted to the Board of Los Angeles Convention and Tourism development after distribution of the agenda packet are available for public inspection in the Executive Office of the Los Angeles Convention Center, 1201 S. Figueroa Street, Los Angeles, CA 90015, during normal business hours.

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**DRAFT**

**BOARD OF LOS ANGELES CONVENTION & TOURISM DEVELOPMENT  
and  
LOS ANGELES CONVENTION & EXHIBITION CENTER AUTHORITY**

**JOINT COMMISSION MEETING MINUTES**

**October 15, 2014  
9:00 a.m.**

The Board of Los Angeles Convention and Tourism Development (Board) and the Los Angeles Convention and Exhibition Authority Commission (Authority) convened a Joint Commission meeting on Wednesday, October 15, 2014 at 9:14 a.m., at the Los Angeles Convention Center (LACC), located at 1201 South Figueroa Street, Los Angeles, CA 90015, in Meeting Room 511.

**ITEM NO. 1 CALL TO ORDER / ROLL CALL**

The Joint Commission meeting was called to order by Vice President Bidenost, for the Board, and President Rodriguez, for the Authority.

**Department Commissioners Present:**

Vice President Ray Bidenost  
Otto Padron  
Gillian Zucker

**Authority Commissioners Present:**

President Susan Rodriguez  
Wayne Avrashow  
Martin Cooper  
J. Richard Leyner  
David Cunningham  
Robert Mallicoat  
Courtney Reum  
Jason Seward  
Cheryl Turner

**Department Commissioners Absent:**

President Jon Vein  
Nicole Duckett Fricke

**Authority Commissioners Absent:**

Shahiedah S. Coates  
Peter Gravett  
Dennis Hernandez  
Majib Siddiquee

**Department Staff and Guests Present:**

Robert R. "Bud" Ovrom, Executive Director  
Tom Fields, Assistant General Manager & COO  
Marla Bleavins, Assistant General Manager – Finance & Administration  
Cristine Villorante, Executive Administrative Assistant

Department Staff and Guests Present (continued):

Miguel Santana, City Administrative Officer  
Robin Engel, Assistant City Administrative Officer  
Natalie Brill, Finance Specialist – Office of the City Administrative Officer  
Glyn Milburn, Business Team Representative – Office of the Mayor  
John Wickham, Legislative Analyst – Office of the Chief Legislative Analyst  
Terry Martin Brown, Assistant City Attorney – Office of the City Attorney  
Brad Gessner, Sr. VP of Regional Operations & General Manager – AEG  
Barbara Kirklighter, Sr. Director of Research & Revenue Strategy –  
Los Angeles Tourism & Convention Board  
Martha Welborne, Chief Planning Officer – Metro  
Mary Grady, Managing Director of Media and Public Relations –  
Los Angeles World Airports

**ITEM NO. 2 PUBLIC COMMENT**

Ms. Joyce Dillard expressed her concerns about air rights, lack of public process regarding AEG's extension, security issues relative to transportation, the need for public restrooms and signage near public transportation sites. Ms. Dillard also suggested that the Board and Authority Commission meetings be televised.

**ITEM NO. 3 PRESIDENT'S COMMENTS**

President Rodriguez and Vice President Bidenost welcomed participants and presenters.

**ITEM NO. 4 TRANSPORTATION PRESENTATIONS**

**A. Metro**

Ms. Martha Welborne presented an overview of Metro and highlighted the following:

- Metro operates throughout Los Angeles County as the planner, builder and operator of the transit system for the region.
- Los Angeles has one of the largest ridership (both bus and rail) in the nation, 1.8 million
- Existing transit lines are distinguished by color
  - 132 miles, 113 stations
- Measure R
  - ½ cent sales tax approved in November 2008 funds the Metro transit projects
  - Projected to generate \$40 billion over 30 years and create more than 210,000 new construction jobs
- Measure R Transit Extensions
  - First Decade: 37-38 stations; 40.5 miles; Projects include: Metro Gold Line Foothill Extension, East San Fernando Valley Transit Corridor, Regional Connector, Metro Expo Line (Phase 2), and Crenshaw/LAX Transit Corridor

- Second Decade: 19-20 stations; 28 miles; Projects include: Westside Subway Extension (Century City), Airport Metro Connector, West Santa Ana Transit Corridor
- Third Decade: 12-20 stations; 18-24 miles; Project include: Eastside Transit Corridor (Phase 2), Sepulveda Pass Transit Corridor, Westside Subway Extension (Westwood/VA), and South Bay Metro Green Line Extension
- Total of 181 – 191 stations, over 218 miles
- Status of Transit Projects
  - 2 out of 12 lines are in operation
  - 5 are in construction
  - 4 are in the environmental process
  - 2 are in initial planning
- Los Angeles Tourism and Convention Board (LATCB)
  - Metro and LATCB are working together to help promote the use of TAP cards, bus and rail systems
- Interactive Help Stations Pilot Program
  - In Metro stations within 9 months
  - In public right-of-way of highly trafficked locations across L.A. County within 24 months or less
  - One beta station currently in Union Station
  - Early conversations underway to partner with LATCB's Discover Los Angeles kiosks
- First/Last Mile Strategic Plan
  - Working with cities to improve ways to get to the station and improve ridership
- Metro Bikeshare
  - Looking into bike share program where one can rent and dock a bike at a transit station
- Union Station Master Plan
  - Region's primary transit hub
  - Celebrate the site's history
  - Improve passenger experience
  - Create an iconic destination
  - Prepare for high speed rail
  - Collaborating with City for the area near the Los Angeles River and Piper Tech facility

## **B. Los Angeles World Airports (LAWA)**

Ms. Mary Grady presented an overview of the Los Angeles International Airport (LAX) and highlighted the following:

- LAX is the 6<sup>th</sup> busiest airport in the world, 3<sup>rd</sup> in the United States, with 66 million patrons last year and expect over 70 million this year
- LAX is going through major modernization and capital improvement projects at the cost of \$20 billion which started in 2006 and scheduled to go through 2019 (does not include transportation aspect with Metro)
  - LAX has 130 major projects
  - \$7.3 billion in capital improvements
  - Over 50% of the projects complete
  - Passenger Comfort
    - \* Want to provide the traveler a positive experience
    - \* New retail and concession
  - Tom Bradley Terminal
    - \* 18 air craft gates, 9 of the 18 can accommodate larger aircrafts
    - \* Designed to have concessions near the terminal gates
    - \* Environmental media systems, large state of the art screens, will provide passenger information and be used for advertisements and sponsorships
    - \* Westfield and Duty Free are partners
  - Central Utility Plant Replacement
    - \* One of the most important projects
    - \* State of the art system which heats and cools the entire airport
    - \* Scheduled completion in the first quarter of 2015
  - Terminal 4 Connector
    - \* Will include check baggage inspection, line baggage transfer facility, and passenger screening security check point
    - \* This connector will allow smooth transition for passengers coming in from Tom Bradley International, connecting to Terminals 4 – 8 (no additional screening required)
    - \* Scheduled completion in early 2016
  - Installation of canopies and lighting throughout the airport
  - Midfield Satellite Concourse will accommodate large aircrafts
  - Terminal improvements throughout LAX
  - Ground transportation improvements
  - Public can access information through [LAXisHappening.com](http://LAXisHappening.com)

## **ITEM NO. 5 EXECUTIVE DIRECTOR'S REPORT**

### **A. Status of LACC Expansion and Futurization Project**

Mr. Bud Ovrom introduced Mr. Miguel Santana, City Administrative Officer, who updated the Authority Commission on the status of the LACC expansion and futurization. Mr. Santana highlighted the following:

- The Offices of the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) are working closely to manage this project.
- The City Council approved a six month extension on AEG's contract (Plan A) yesterday, October 14.
- Plan A continues to be in-tact.
  - Incorporates a partnership with AEG for the refurbishment of the LACC and a new stadium
  - Financial structure has not changed since it came before this Joint Commission several years ago and there have been no requests for changes
    - \* Funding Sources: 2/3 private sources, 1/3 public sources (all new revenues that City does not currently receive)
    - \* Financing is supported by a guaranteed by AEG should there be any shortfalls in revenue
    - \* Mr. Santana stressed that the stadium will not receive any form of public subsidy
  - Plan A is the preferred option for the City and AEG
    - \* AEG has six months to sign an NFL team
- AEG offered to partner with the City to start looking at Plan B in case Plan A is not successful.
- The CAO and CLA offices are working in collaboration to develop a framework for an extension that allows the work currently being done for Plan B (to look at potential options for a new and improved Convention Center) to continue.
  - This process involves the selection of three architectural firms to develop conceptual designs, which will continue forward, in partnership with AEG
  - Rather than the architectural firms providing three design options, they'll provide six design options. Three of the design options will include a 1,000 room hotel on-site and three of the design options will include a hotel off-site
  - At the end of this process, the goal is to provide the Mayor, City Council, and the Los Angeles Department of Convention and Tourism Development's (CTD) two Commissions (Board of Los Angeles Convention and Tourism Development and the Los Angeles Convention and Exhibition Center Authority) with different options to consider
  - The decision to partner with AEG and the selection of the conceptual design will be the decision of the policy makers

- The CAO and CLA are tasked to respond to basic questions as each of the options are reviewed:
  - Give a sense of what it will look like (conceptual design)
  - Tell us how you're going to pay for it?
  - Tell us what other ways to use this space?
  - What is the time line?
  - How will each one of the various proposals address the mission of the LACC?
  - How does it address our need for increased hotel capacity?
- The Task Order Solicitation will move forward. The CAO and CLA will work with the CTD's two Commissions, Bureau of Engineering, and AEG with the two concepts from each of the three architectural firms.
- The CAO and CLA will report to the CTD Commissions on a regular basis.

#### **ITEM NO. 6 FUTURE MEETING SCHEDULE**

The next Authority Commission meeting is scheduled for Wednesday, November 12, 2014.

#### **ITEM NO. 7 ADJOURNMENT**

The meeting was adjourned at 11:03 a.m.

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

**Special Meeting Minutes**

**October 15, 2014  
11:08 a.m.**

The Board of Los Angeles Convention and Tourism Development (Board) convened a special meeting on Wednesday, October 15, 2014 at 11:08 a.m. at the Los Angeles Convention Center (LACC), located at 1201 South Figueroa Street, Los Angeles, CA 90015, in Meeting Room 511.

**ITEM NO. 1 CALL TO ORDER / ROLL CALL**

The meeting was called to order by Vice President Ray Bidenost.

**Present:**

Vice President Ray Bidenost  
Commissioner Gillian Zucker  
Commissioner Otto Padron

Bud Ovrom, Executive Director – Los Angeles Department of Convention and Tourism Development (CTD)

Tom Fields, Assistant General Manager & COO – CTD

Marla Bleavins, Assistant General Manager, Finance & Administration – CTD

Brad Gessner, Sr. Vice President & General Manager of LACC – AEG Facilities  
Ellen

Barbara Kirklighter, Vice President, Revenue Strategy – Los Angeles Tourism and Convention Board (LATCB)

Terry Martin Brown, Assistant City Attorney – Office of the City Attorney

Cristine Villorante, Executive Administrative Assistant – CTD

**Absent:**

President Jon Vein  
Commissioner Nicole Duckett Fricke

**ITEM NO. 2 PUBLIC COMMENT**

There was not public comment.



**ITEM NO. 3 APPROVAL OF DISCOUNT REQUEST FOR SOCIETY FOR THE  
PROMOTION OF JAPANESE ANIMATION – ANIME EXPO 2015  
(BOARD REPORT 14-001)**

CTD Recommendations:

Staff recommends that the Board of Los Angeles Convention and Tourism Development Commissioners approve a rental discount exception in the amount of \$78,009 submitted by the Los Angeles Tourism and Convention Board for a convention to be hosted by the Society of the Promotion of Japanese Animation – Anime Expo on July 2-5, 2015.

After some discussion between the CTD, LATCB, AEG, and City Attorney, Commissioner Zucker moved to approve the discount request for the Society of the Promotion of Japanese Animation, seconded by Commissioner Padron, and approved by the Board.

Vote

Yes: Vice President Bidenost, Commissioner Otto Padron, and Commissioner Zucker

No: None

**ADJOURNMENT**

The meeting was adjourned at 11:26 a.m.

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

Regular Meeting Minutes  
 November 5, 2014  
 9:00 a.m.

The Board of Los Angeles Convention and Tourism Development (Board) convened a regular meeting on Wednesday, November 5, 2014 at 9:03 a.m. at the Los Angeles Convention Center (LACC), located at 1201 S. Figueroa Street, Los Angeles, CA 90015, in the Executive Board Room.

**PRESENT:**

President Jon Vein  
 Vice President Ray Bidenost  
 Commissioner Nicole Duckett Fricke  
 Commissioner Gillian Zucker

Bud Ovrom, Executive Director – Los Angeles Department of Convention & Tourism Development (CTD)

Tom Fields, Assistant General Manager & Chief Operating Officer – CTD

Marla Bleavins, Assistant General Manager, Finance & Administration – CTD

Glyn Milburn, Business Team Representative – Office of the Mayor

John Wickham, Legislative Analyst – Office of the Chief Legislative Officer (CLA)

Natalie Brill, Chief of Debt Management – Office of the City Administrative Officer (CAO)

Diana Mangioglu, Sr. Administrative Analyst II – CAO

Brad Gessner, Sr. Vice President & General Manager – AEG Facilities

Keith Hilsen, Vice President, Finance – AEG Facilities

Darren Green, Sr. Vice President, Sales – Los Angeles Tourism and Convention Board (LATCB)

Patti MacJennett, Sr. Vice President, Business Affairs – LATCB

Barbara Kirklighter, Vice President, Revenue Strategy – LATCB

Cristine Villorante, Executive Administrative Assistant – CTD

**ABSENT:**

Commissioner Otto Padron

**Item 1. Call to Order** – President Vein called the meeting to order.

**Item 2. Public Comment** – There was no public comment.

**Item 6b. LACC Expansion and Futurization Project Update**

Item 6b was taken out of order to accommodate Mr. John Wickham's schedule.

Mr. Wickham informed the Board that the offices of the CAO and CLA are coordinating the efforts for Plan B and are currently working on administrative issues. Mr. Wickham will be added to the Board's agenda once the CAO and CLA are ready.

**Item 3. Approval of the Meeting Minutes** – The meeting minutes from the October 1, 2014 Regular meeting and Special meeting were approved.

Vote

Yes: President Vein, Vice President Bidenost, Commissioner Duckett Fricke  
(Note: Commissioner Zucker was not present during the approval of the minutes.)

No: None

**Item 4. Monthly Reports for September 2014**

A. AEG

Mr. Brad Gessner presented the monthly report and highlighted the following:

1. 14 events with 50,320 total attendance
  - 13 local events
  - 1 citywide event, League of California Cities
  - Los Angeles Masters Grand Slam was a first time event (equestrian jumping event) with plans to return in 2015 and 2016
  - Audio Engineering Society was on site during the month of October, but was mentioned because their numbers went up 25% (it has been over 10 years since the event has been in Los Angeles)
2. 2 film shoots totaling \$58,860 in revenue
3. Financials: \$26 thousand (K) above budget, \$439K above year-to-date (YTD)  
Revenues: \$1 million; \$4.2 million YTD; \$37K above September budget; \$511K above YTD  
Expenses: \$1.7 million; \$5.6 million YTD; \$11K above September budget; \$72K above YTD
4. Looking Forward
  - November 24, Turkey Giveaway
  - November 26, Salvation Army Thanksgiving Dinner
  - Union Negotiations with Building and Construction Trades Council (painters, plumbers, electricians, and carpenters) and HERE Local 11 (Levy employees)

B. LATCB

Mr. Darren Green presented the monthly report and highlighted the following:

1. Citywide Conventions
  - holding at 21 for 2014 with 5 center events
  - 23 for 2015; 30 for 2016; 17 for 2017; 18 for 2018; 12 for 2019; 15 for 2020
2. Citywide Convention Sales Production
  - FY14/15 Goal is 210, have 74 YTD, FY13/14 had 59 same time last year (STLY)
  - Room Night Booking Goal for FY14/15 is 351K, have 72,373 YTD, FY13/14 had 43,227 STLY

- FY14/15 Prospects:128, FY13/14 Prospects: 143 STLY
- 3. October 2014 Citywide Bookings
  - United States & Canadian Academy of Pathology (2020, 2022, 2024)
  - Organo (2015)
  - Hewlett Packard Global Partner Conference (2016, 2017)
- 4. Hot New Prospects
  - Bristol-Myers Squibb Company, National Sales Meeting (2015)
  - AstraZeneca, National Meeting (2015)
  - Rockwell Automation, Automation Fair (2017)
  - Club Managers Association of America, World Conference (2018)
- 5. October Citywide Prospect Site Inspections
  - National Association of Insurance Commissioners (2016)
  - Buffalo Wild Wings, Annual Financial Meeting (2017)
  - American Farm Bureau Federation, Convention & Trade Show (2020)
  - American Academy of Physician Assistants (2021)
  - Site visit scheduled with Harley Davidson next week
- 6. LATCB Sales Customer Advisory Board – October 26-28, 2014
  - The Board is represented by members from medical societies, national/international associations, corporations, 3<sup>rd</sup> party meeting management companies and industry authorities
  - Meeting took place at Universal, but members were taken to Downtown via the Metro line for a tour of Downtown and had a positive experience
  - Covered industry trends, state of Los Angeles meetings industry, previewed proposed “Meeting L.A.” Ad Campaign, B2B website development update, and value assessment of client services

Upon conclusion of Mr. Green’s presentation, President Vein asked if the Board could have a sneak preview of LATCB’s new ad campaign. Commissioner Zucker also asked if there was an interface available whereby the Board can see the presentation at the same time as the LATCB Board. In response, Mr. Green stated that he will make a presentation to the Board before the ad campaign is finalized.

***Item 5. Approval of LATCB Contract Renewal***

Ms. Marla Bleavins presented an overview of the LATCB contract and reviewed changes and key aspects of the contract for the Board’s consideration.

- A. The City’s current contract with LATCB’s originally ran through June 30, 2014. The City Council approved a six month extension which will expire on December 31, 2014.
- B. Over the past few months, the Los Angeles Department of Convention and Tourism Development (CTD) has reviewed contracts from other cities (Chicago, New York, San Francisco, and Anaheim) and consulted with the Bloomberg Group. CTD considered what other cities are doing and the City’s current governing and

management structure for the LACC, which has resulted in the contract presented to the Board today.

C. Key Aspects

1. Term of contract is 5-1/2 years to end on June 30, 2020
  - Term of contract is aligned with the work program, the budget, and the fiscal year for administrative ease
  - There is a 6-month evaluation/termination process, in case issues arise
2. Compensation remains the same, 1% of Transient Occupancy Tax (TOT)
  - Estimated at \$14.9 million for the current fiscal year
3. Work Program
  - The structure is delineated in a new format for Appendix E (format similar to Chicago, which lays out goals, objectives, methodology, and evaluation)
  - Broad goal to bring conventions and tourism as an economic driver
  - Four main objective: increase visitation, increase and measure economic impact, increase visitor engagement (track it in order to enhance visitor experience), use City funding to maximize return on investment
  - Results oriented metrics, which is consistent with the Mayor's performance based budgeting
4. Contract administration has transferred from the CAO's office to the CTD
5. Other changes reflect new LACC governance and management structure, recognizes and encourages other sources of funding, reflects discounts and booking policies and related procedures, and calls for judicious use of discounts while prioritizing events that drive hotel stays

D. The Board will need to approve the contract, with any necessary changes, and proceed to the City Council for approval. The contract must be scheduled to go before the Economic Development Committee on December 9, 2014 and the full City Council soon after.

At the conclusion of Ms. Bleavins presentation, President Vein asked for a brief review of Section 3 of the LATCB contract.

President Vein moved to recommend the approval of the LATCB contract, as amended. Seconded by Commissioner Duckett Fricke and approved by the Board.

VOTE:

Yes: President Vein, Vice President Bidenost, Commissioner Duckett Fricke and Commissioner Zucker

No: None

**Item 6. Executive Director's Report**

**A. 2016 Budget**

1. Timeline (presented by Marla Bleavins)
  - CTD's budget submittal is due on November 21, 2014 to the Mayor's office
  - CTD will request the Board's approval of the final version of the budget at the next Board meeting scheduled for November 19, 2014
2. Overview of Proposed LACC Related Appropriations and Expenditures for Current Year (presented by Marla Bleavins)
  - On Budget Appropriations (items paid for by the Controller's Office)
    - \* CTD Department, \$1.6 million
    - \* Cash Flow Management Fund, \$5 million – intended to help pay for AEG expenses before revenues come in, required by the management agreement
    - \* LACC Reserve Fund, \$2.8 million – required to be 10% of the operating expenses, required by the management agreement
    - \* Booking Policy Off-Set, \$5.6 million – historically has been on the budget to off sets related costs in debt service, CTD will be asking that it support the operations of the building (funding of the discounts)
  - Off Budget Expenditures (funds contractors)
    - \* LACC-AEG Operating Budget, \$21.8 million
    - \* LATCB Budget, To be determined (TOT Revenue/CVB Trust Fund)
  - Capital Improvement Projects Expenditures, \$11.8 million
3. Proposed Budget for LACC-AEG Operations for FY 2016
  - Business Plan (presented by Brad Gessner)
    - \* LEED-EG Gold Certification
    - \* Enhance LACC presence and visibility via social media and press Releases
    - \* Develop a Guest Services department and program
    - \* Continue to improve customer satisfaction
    - \* Increase filming and other short-term bookings
    - \* Improve building security, access control and safeguarding Convention Center exterior
4. Proposed CTD Department Budget for FY 2016 (presented by Keith Hilsen, Vice President, Finance)
  - \$21.8 million budgeted for FY 2016
    - \* In comparison to FY 2015, the budget is relatively the same
    - \* Biggest change is rent with a \$500K difference
  - Event Mix totals 306 for FY 2016
    - \* 25 LATCB events, the remainder being short term bookings
    - \* Numbers are not confirmed due to the requirement of not booking more than 12 month out

- Fixed Expenses total \$21,845 for FY 2016 (salaries, benefits, other expenses)
  - \* In Comparison to FY 2015, salaries and benefits increased by \$525K due to wage increase for employees, union employee retirement benefits, and the addition of the guest service department

5. Proposed CIP for FY 2016

Due to time constraints, this topic will be discussed at the next Board meeting scheduled for November 19, 2014.

B. LACC Expansion and Futurization Project Updates

Mr. Ovrom reported that the \$750K from AEG to cover the expenses for the architects has not been deposited. The three architectural firms will be asked to do two plans each (one with a hotel and one without a hotel), but have not been given authorization to proceed. The City Attorney, CAO and CLA are resolving some administrative issues. At this time, the process is at a standstill, but do not expect to lose net time from the overall schedule.

***Item 7. Agenda Forecast/Special Topics***

There were no agenda items or special topics discussed.

**ADJOURNMENT**

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

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

**DRAFT**

DATE: November 14, 2014 Council File No. 13-0762  
Council District: 9

TO: Honorable Members of the City Council  
City of Los Angeles

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

SUBJECT: **REQUEST FOR INTEREST (RFI) FOR AN ON-SITE 1,000 ROOM  
HOTEL AT THE LOS ANGELES CONVENTION CENTER**

**SUMMARY**

The Los Angeles Department of Convention and Tourism Development (CTD) requests authority to work with Economic and Workforce Development Department (EWDD) to develop and release a Request for Interest (RFI) for an on-site hotel at the Los Angeles Convention Center (LACC). The purpose of releasing an RFI would be to determine the level of interest in developing a 1,000 room hotel and to solicit input as to how a potential transaction could be structured.

On October 18, 2012, the City entered into a two year Agreement with AEG to construct an NFL Stadium and Event Center at the current location of the Convention Center's West Hall. That Agreement has now been extended to April 17, 2015, to allow AEG additional time to secure an NFL football team. AEG also requested to collaboratively design an alternative plan for the modernization and expansion of the Convention Center without an NFL stadium during the extension period.

On December 18, 2013, the **City Council directed** staff to develop a **back-up plan** in case the NFL Stadium/Event Center failed to come to fruition. The Convention Center is a billion dollar City asset which needs to be better utilized as an economic engine for the City. The City's first choice for achieving this continues to be the NFL Stadium/Event Center. However, if that is not going to happen for reasons beyond the City's control, another alternative must be ready to be put into action.

As part of the assessment of alternative uses at the LACC, the Urban Land Institute provided the City with a Technical Advisory Panel report which recommended that one or more large on-site hotels be incorporated into the overall plan to revitalize the LACC, as part of an overall vision and to add 3,000 – 5,000 hotel rooms within walking distance of the LACC.



Although there is ample prima facie evidence that the LACC is severely lacking in hotel room supply within reasonable walking distance, securing a hotel developer and operator to invest over \$500 million to actually build one could be a totally different matter! Rather than rely on a consultant to do a theoretical hotel demand study, the CTD staff believes it would be more realistic to go out to the open marketplace to engage hotel developers, operators and clients to determine the actual depth of real interest in undertaking such an endeavor.

Moreover, the recent surge in residential development in the South Park area makes it difficult for hotel developers to secure sufficient land for hotel development at an economical price. By using excess LACC land, the LACC accomplishes two goals: 1) it enables hotels to be built immediately contiguous to the LACC, which is operationally preferable; and 2) it allows the LACC to control its own destiny and not have hotel projects compete against large residential projects, which are more lucrative for private developers in today's market.

This request to release an RFI to solicit tangible interest from actual hotel developers and operators is an essential element for meeting the City Council's desire to be in the position to immediately move forward with an alternative plan, if an NFL team cannot be secured by AEG. It would be an expensive, time consuming and meaningless exercise to have these architectural teams provide three designs for an on-site hotel, if there is no developer willing to finance and build one!

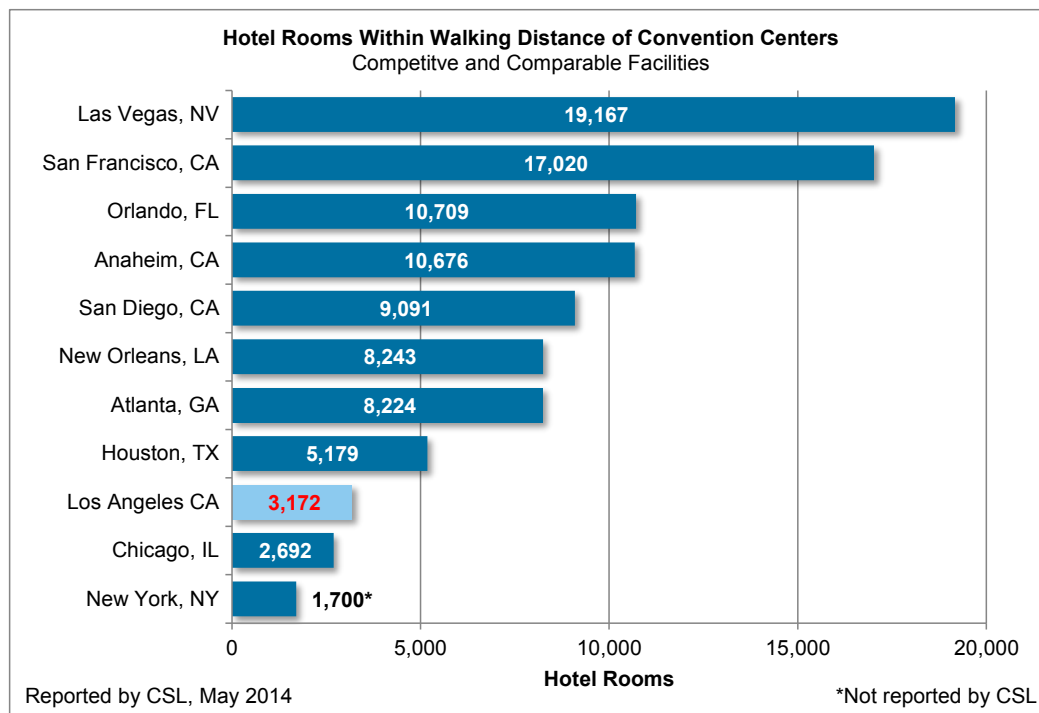
## **RECOMMENDATIONS**

That the City Council, with the approval of the Mayor:

1. Instruct the City Administrative Officer (CAO) to transfer \$60,000 from CTD Salary Savings, Account Number 1010, to Contractual Services, Account Number 3040.
2. Authorize the Economic and Workforce Development Department (EWDD), in collaboration with the CTD Department, to enter into an Agreement (attached) with the Strategic Advisory Group (SAG) to undertake a Request for Interest (RFI) and a User's Interest Study for a 1,000 room hotel to be located on the site of the LACC.

## ANALYSIS

An analysis of factors which contribute to the LACC's underperformance compared to competitive cities reveals a very dramatic deficiency in the number of hotel rooms within walking distance of the convention center.



According to a 2014 report by CSL Consulting Group (CSL), at the current number of hotel rooms within walking distance, **the LACC can accommodate only 74% of the national convention market's hotel room requirement, whereas over direct competitors in San Diego, Anaheim, and San Francisco can meet 92-99% of the market's needs.**

Not only does Los Angeles immediately forfeit 26% of the national convention business, it is that portion of the market which represents the largest and most lucrative conventions, such as: the Orthopedic Surgeons Association (32,000 attendees); American Society of Hematology (35,000 attendees); American Heart Association (28,000 attendees); and American College of Cardiology (28,000 attendees). Each of these four events generates approximately 50,000 room nights and each would have contributed approximately \$60 to \$80 million in economic impact to Los Angeles.

According to CSL, the LACC needs over 7,000 rooms within walking distance to be able to accommodate 90% of the convention market. Today we have only 3,172.

The table below provides a different perspective of the same problem. The San Francisco, Anaheim, and San Diego Convention Centers each host two to almost four times as many citywide conventions as Los Angeles. Those conventions result in literally hundreds of thousands more hotel room nights being sold than in Los Angeles - and hundreds of millions of dollars of lost economic impact each year.

CALENDAR YEAR 2013	LOS ANGELES	SAN FRANCISCO	ANAHEIM	SAN DIEGO
Citywide Events	22	52	84	75
Room Nights Sold	154,769	852,921	463,839	704,029
Avg Room Nights/Event	7,035	16,402	5,522	9,387

The convention industry is very specific about what it looks for in a convention center: meeting planners desire large, 1,000+ room hotels on-site (preferred) or within easy walking distance. The average size of existing hotels near the LACC is only 264 rooms. San Diego, by comparison, has three hotels in excess of 1,000 rooms each with immediate adjacency to the Convention Center (Marriott Marquis – 1,360 rooms; Manchester Hyatt – 1,628 rooms; Hilton Bayfront – 1,190 rooms, with plans to add an additional 500 rooms).

The hotels of Los Angeles boasted a record breaking 80.6% occupancy rate for FY 2013-14. While hoteliers may be celebrating soaring occupancy rates and increased revenue per room, these numbers also indicate a dire need for increased hotel supply. The City and the Los Angeles Tourism and Convention Board (LATCB) adopted a goal of 50 million visitors by 2020. For calendar year 2013, we achieved 42.2 million. With the hotel supply already at over 80% occupancy, it means Los Angeles will not be able to accommodate the desired increase in visitors.

The inaugural FY 2012-13 CTD Department Action Plan set an initial goal of 4,000 new hotel rooms by 2020 (in addition to the then current supply of 2,597 rooms). Although that total of 6,597 rooms would still be below San Diego, Anaheim, and San Francisco, it is a goal that is realistically achievable by 2020. As the chart on the top of Page 5 shows, 575 rooms were opened last fiscal year. Another 1,250 are currently under construction. An additional 633 rooms are entitled and expected to start construction in the near-future, for near term total of 2,458 additional rooms.

HOTELS WITHIN WALKING DISTANCE	
EXISTING AS OF JULY 1, 2013	
1	J.W. Marriott Los Angeles L.A. LIVE
2	Sheraton Los Angeles (The Bloc)
3	Figueroa Hotel
4	Stillwell Hotel
5	Mayfair Hotel
6	Luxe City Center Hotel
7	Ritz Milner Hotel
8	The Ritz-Carlton, Los Angeles
9	O Hotel
OPENED FISCAL YEAR 2013-2014	
10	Residence Inn Los Angeles L.A. LIVE
11	Ace Hotel
12	Courtyard Los Angeles L.A. LIVE
UNDER CONSTRUCTION	
13	InterContinental Los Angeles Downtown
14	Hotel Indigo
UPCOMING	
15	Renaissance
16	Fig Central
POTENTIAL SITES	
17	LACC
18	Olympic West
19	9th Street Sites
20	Fig South
21	dtLA South Park
22	Case Hotel
23	Fig North



One limiting factor to achieving this goal has become apparent in recent months. Although new hotels in Downtown are being constructed, most of them are smaller than what is needed to help drive the convention business. For example:

- The Metropolis/Hotel Indigo project, now owned by Greenland, USA, was entitled for 900 hotel rooms. Only 350 hotel rooms are currently planned, with the majority of the site to be used for residential development.
- The Fig Central site, now owned by Oceanwide, is expected to add 860 residential units and 200,000 square feet of retail, but only 183 hotel rooms. Moreover, this hotel is expected to be in the super luxury niche, at or above the Ritz-Carlton at LA Live. While very beneficial for the City, it won't really be a convention oriented hotel.

- The Fig North site, now owned by Shenzhen Hazens Real Estate Group, appears to be looking at about 300 hotel rooms, or only about 122 hotel rooms more than the current 178 room Luxe City Center Hotel at that location.
- The new 900 room, 73-story InterContinental Hotel at Wilshire Grand is going to be a fabulous addition to downtown, but it is replacing a 900 room hotel which has existed at that location for decades.
- The Jamison Properties Project, at the southeast corner of Figueroa and 12<sup>th</sup> Street, immediately across the street from the LACC's primary entrance, will have 648 residential units and 48,000 sq. ft. of retail, entertainment and restaurants and **no** hotel.
- In the last several years, virtually all of the eastern side Figueroa Street frontage from Pico to Venice Boulevards, immediately across the street from the LACC's South Hall, has been developed with midrise wood frame rental apartments and **no** hotels.

All of these projects will be outstanding developments which will benefit the City in a great many ways. However, the hotel components of these mixed-use projects will not be large enough to provide the hotel rooms necessary to move Los Angeles into the top tier of national convention destinations.

The 1,001 room JW Marriott and Ritz Carlton Headquarter Hotel at LA Live has been a phenomenal boom for the Convention Center and all of Downtown. However, its very success has resulted in higher room rates and lower room availability. A November 7, 2014, report from PKF Consulting Group for LATCB concluded that between September 2007 and August 2014 the JW Marriott/Ritz Carlton only fulfilled 63% of the total rooms requested for citywide conventions pursuant to the 2007 Room Block Agreement with the City. A separate review of that PKF report will be undertaken to determine if the results comply with the terms of the Room Block Agreement. For the purposes of this report, it further demonstrates that the JW Marriott is increasingly unable to meet the needs of the LACC.

With the football stadium, the surrounding smaller hotels probably would suffice, since most fans attending the games would be locals who would return home after each of the eight regular home games. But, an expanded Convention Center will attract more out of town conventioners and visitors who would stay in the hotels year round, rather than just during football season. Moreover, not having an NFL Stadium on the LACC campus frees-up enough land to build 1-3 hotels physically connected to the Convention Center. One or more 1,000 room hotels integrated into the Convention Center would put the LACC into a whole new level of national and regional competitiveness.

As the map on Page 5 shows, additional sites in the immediate area remain available for additional hotel development in the future. Along with a 1,000 room hotel on the LACC site, it is plausible that we could get to almost 7,000 rooms by 2020. That would still be far less than San Francisco (17,020); Anaheim (10,676); and San Diego (9,091) but would move the LACC into a more competitive range of convention centers with hotels within walking distance. Linking the hotels outside the Convention Center area by transit, as is found in Chicago and New York City, would also better enable Los Angeles to truly compete at a national level.

Although this analysis would appear to demonstrate ample demand for more hotels, getting hotel developers and operators to invest hundreds of millions of dollars to build them could be a totally different matter! Rather than simply retain a regular consultant to do an academic “hotel demand study”, staff is proposing to use this six month time extension to go out to the market and empirically determine the level of interest and commitment by national hotel developers and brands capable of successfully undertaking a 1,000 room hotel on the LACC campus.

Hence, by April 2015 the City would have not only six different conceptual designs, but also a concrete expression of interest by credible hotel developers and operators.

To undertake this assessment of hotel interest, the CTD staff is recommending the SAG be retained by the EWDD, working in conjunction with the CTD.

SAG specializes in the execution of headquarter hotel projects. SAG has represented public entities in developing 22 hotel projects totaling 11,421 rooms that are either open today or are opening soon. For example, in 2012 SAG opened the 532 room Hilton in Columbus, Ohio; and in 2013 the 1,170-room Marriott Marquis in Washington, D.C. In 2013, SAG closed the financing on the 1,000-room Marriott Marquis in Houston scheduled to open in 2016. Currently, SAG is leading the headquarter hotel developer solicitation process in Houston, Boston, Miami Beach, Salt Lake City, Kansas City, and Portland.

SAG is an approved consultant for the City of Los Angeles, most recently assisting the Recreation and Parks Department (RAP) with the Greek Theater negotiations. The CTD did a background check with RAP and they reported that SAG did a good job for them.

In addition to the RFI, SAG will also do a “Citywide Booking Impact” study using an on-line survey tool to make direct contact with national and regional meeting and event planners to understand the impact the prospective convention hotel could have on their propensity to meet in Los Angeles.

The SAG work will take 12 – 14 weeks to complete this work for a fixed cost of \$60,000.

As a part of the Council approved six month extension, AEG agreed to reimburse the City for \$600,000 for design services relating to the proposed alternative plans for Convention Center expansion and improvement. In addition, AEG agreed to reimburse the City \$150,000 to facilitate its review and consideration of such alternative plans. However, the \$150,000 was designated for the services requested by the CAO and CLA. The \$150,000 from AEG was not contemplated to be used in furtherance of the assessment of the on-site hotel alternatives. The CTD has adequate funds in its FY14-15 budget from salary savings to pay for this professional service. The CTD is recommending that the City Council authorize the transfer of these funds from salary savings to professional services in order to pay for the RFI.

RRO:cv

Exec. Ref. No: 14-175

#### Attachment

cc: Board of Los Angeles Convention & Tourism Development  
Los Angeles Convention and Exhibition Center Authority  
Kelli Bernard, Deputy Mayor  
Miguel Santana, Chief Administrative Officer  
Sharon Tso, Chief Legislative Analyst  
Glyn Milburn, Mayor's Office of Economic Development  
Diana Mangioglou, Office of the CAO  
John Wickham, Office of the CLA  
Terry Martin Brown, Office of the City Attorney  
Ernest Wooden, LATCB  
Brad Gessner, LACC General Manager



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

Date: November 14, 2014

To: Board of Los Angeles Convention & Tourism Development Commissioners

From: Robert R. "Bud" Ovrom, Executive Director *Mahe Bleser for*  
Department of Convention and Tourism Development

Subject: **E3 EXPO 2016 DISCOUNT REQUEST – BOARD REPORT 14-003**

**RECOMMENDATIONS**

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

1. Approve a request submitted by the Los Angeles Tourism and Convention Board (LATCB) for discounted rent in the amount of \$1,000 for the E3 Expo 2016 convention to be hosted by the IDG World Expo (IDG) on behalf of the Entertainment Software Association (ESA) on June 4-20, 2016.

**DISCUSSION**

**Background on Discount Policy**

The City has a discount policy that allows LATCB to offer discounts on rental rates for citywide conventions and tradeshows as an incentive. This discount policy was formally codified into the Los Angeles Administrative Code (LAAC) on June 9, 2014 upon adoption by the Mayor and Council of the new governance ordinance for the Department of Convention and Tourism Development (CTD). Section 8.149.1 (a) Subparagraph (A) of the LAAC states that "rates may be reduced or waived only where the anticipated Transient Occupancy Tax revenues which reasonably may be attributed to the convention or tradeshow under consideration exceed the total amount reduced or waived."

However, there are exceptions to this requirement. Per LAAC Section 8.149.1 (a) Subparagraph (C):

"Proposed rate reductions or waivers that do not meet the requirement or waivers that do not meet the requirements of Subparagraph A of this section shall not be allowed; provided, however, that proposed rate reductions or waivers may be approved by the Board in the following exceptional circumstances:

- (1) industry-wide and travel association events;
- (2) multi-year licenses; and



- (3) events that present an exceptional opportunity to generate extraordinary revenue or a significant number of visitors.”

### **Proposed Discount**

IDG desires to rent space at the Los Angeles Convention Center (LACC) with a rental value of \$1,109,880 for the 2016 E3 Expo 2016 convention. LATCB has made an offer to IDG to discount their rent by \$1,108,880, resulting in rent in the amount of \$1,000. The proposed discount of \$1,108,880 exceeds the \$791,048 in Transient Occupancy Tax (TOT) the show is projected to generate. Therefore, the Board of Los Angeles Convention and Tourism Development Commissioners (Board) would need to approve an “exempt rental discount request” in the amount of \$317,832. As such, the LATCB is requesting an exemption to this requirement under the allowance for exceptional opportunities in Section 8.149.1(a)Subparagraph (c)(3) of the Administrative Code.

<b>Proposed 2016 Discount for E3 Expo Convention</b>	
Rental Revenue	\$1,109,880
Rental Discount Based on Projected TOT	(\$791,048)
Exempt Rental Discount Request	(\$317,832)
Net Rental Revenue	\$1,000

Per the Letter of Agreement between LATCB and IDG and the pending license agreement, IDG would be obligated to generate \$450,000 in TOT. To the extent the actual TOT falls below \$450,000, IDG would have to pay the amount of the difference to LACC.

Board approval to exempt IDG from the TOT requirement is necessary to proceed with the contracting process.

### **Basis for Recommending Proposed Discount**

CTD staff supports the discount request for IDG due to the significant direct and indirect revenue year over year and the economic impact attributable to the E3 Expo event, their commitment to Los Angeles and the positive history and excellent relationship between the City and IDG. It is anticipated that the 2016 event will generate over \$30 million in economic impact and over 22,000 room nights. This is a conservative estimate based on 80% of the average room nights for the past three years. In prior years, E3 has generated the economic impact indicated below.

<b>Year</b>	<b>TOT</b>	<b>Room Nights</b>	<b>Economic Impact</b>
2014	\$961,750	27,227	\$36 million
2013	\$911,015	27,999	\$37 million
2012	\$922,472	29,455	\$39 million

Given the significant economic value to the City and the hospitality industry, CTD staff recommends approval of this request.

**ATTACHMENTS:**

1. LATCB Pricing Discount Approval Form
2. Memo from LATCB Re. LACC License Request Packet

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

TRANSMITTAL

Date: November 19, 2014

To: Los Angeles Department of Convention & Tourism Development

From: Board of Los Angeles Department of Convention &  
Tourism Development Commissioners

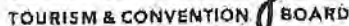
Subject: Rental Discount Request - Report No. 14-003

Rental Discount Request for E3 Exo 2016 between  
Entertainment Software Association, Los Angeles Department of Convention &  
Tourism Development, and the Los Angeles Tourism and Convention Board

Rental discount request is approved and transmitted for further processing.

---

Jon Vein, President  
Board of Los Angeles Department of Convention &  
Tourism Development Commissioners



LOS ANGELES TOURISM REP: Kathy McAdams  
DATE: 11/4/2014

NAME:	IDG WORLD EXPO	ID#:	23425
CONTACT:	Ms. Mary M. Dolaher	TITLE:	Chief Executive Officer
ADDRESS:	3 Spear St, Suite 320	TEL#:	005.084.244
CITY:	Frammingham	STATE:	MA
		ZIPCODE:	01701

NAME OF MEETING:	E3 EXPO 2016		
OVERALL DATES:	8/4-20/16		
ATTENDANCE:	40,000	GUEST ROOMS:	5,000
		TOTAL ROOM NIGHTS:	22,422

RENTAL REVENUE:	\$1,109,880.00		\$1,109,880.00	=	\$1,000.00
	Basic Rent		Discount		Discounted Rent
TRANSIENT OCCUPANCY:	.14	X	22,422	X	\$252.00
	TOT		Tot Rm nights		Project Avg Rm Rate
Tax Revenue (TOT)				=	Tot Revenue
Total City Revenue:	\$1,000.00	+	\$791,048.16	=	\$792,048.16
	Discounted Rent		TOT Revenue		Total City Revenue
TOTAL COMMERCIAL VALUE:	\$29,395,242.00				
			(\$1,311.00 x TRN)		

Required exhibit space per reservation form: GROSS SQ. FT.: \_\_\_\_\_ NET SQ. FT.: \_\_\_\_\_

<u>LACC RENTAL RATE</u>	<u>LOS ANGELES TOURISM DISCOUNT RATE</u>	WEST HALL	<u>AB</u>
<u>\$81,000.00</u>	<u>\$1,000.00</u>	ADDITIONAL MOVE-IN/OUT DAYS	
<u>\$148,500.00</u>	<u>_____</u>	SOUTH HALL	<u>GHJK</u>
<u>\$135,000.00</u>	<u>_____</u>	ADDITIONAL MOVE-IN/OUT DAYS	
<u>\$247,500.00</u>	<u>_____</u>	KENTIA HALL	<u>_____</u>
<u>\$48,800.00</u>	<u>_____</u>	ADDITIONAL MOVE-IN/OUT DAYS	
<u>\$89,100.00</u>	<u>_____</u>	CONCOURSE HALL	<u>_____</u>
<u>\$18,000.00</u>	<u>_____</u>	ADDITIONAL MOVE-IN/OUT DAYS	
<u>\$33,000.00</u>	<u>_____</u>	PETREE HALL	<u>_____</u>
<u>\$13,500.00</u>	<u>_____</u>	ADDITIONAL MOVE-IN/OUT DAYS	
<u>\$24,750.00</u>	<u>_____</u>	MEETING ROOM CHARGE:	
<u>\$270,930.00</u>	<u>_____</u>	(Less % Meeting Room Discount)	
<u>_____</u>	<u>_____</u>	ADDITIONAL MOVE-IN/OUT DAYS	
<u>_____</u>	<u>_____</u>		
<u>REVENUE THROUGH LACC RATE STRUCTURE</u>			<u>\$1,109,880.00</u>
<u>REVENUE THROUGH DISCOUNTED LACC RATE STRUCTURE</u>			<u>\$1,000.00</u>

REVENUE THROUGH LACC RATE STRUCTURE  
REVENUE THROUGH DISCOUNTED LACC RATE STRUCTURE

LACC APPROVAL: Thomas Fields, COO & Assistant General Manager

LOS ANGELES TOURISM APPROVAL: Kathy McAdams, Vice President, Citywide Convention Sales

EXECUTIVE DIRECTOR APPROVAL: Robert R. "Bud" Ovrorn, Executive Director

Date: 11-13-14

Date: 11-5-14

Date: \_\_\_\_\_

6/18/14



**COVER  
MEMORANDUM**

**DATE:** November 7, 2014

**TO:** Robert R. "Bud" Ovrom, Executive Director  
Los Angeles Convention Center

**FR:** Darren K. Green, Senior Vice President, Sales  
Los Angeles Tourism and Convention Board

A handwritten signature in black ink, appearing to be "DKG", written over the "FR:" line.

**RE:** Los Angeles Convention Center License Request Packet

Attached for your approval. Thank you.

Organization Name: IDG  
Meeting Name: E3 Expo 2016  
Meeting/Event Dates: June 14 to 16, 2016

We are requesting approval of the rental discount submitted by LATCB for the Entertainment Software Association (ESA) Electronic Entertainment Expo (E3) scheduled for June 14-16, 2016 in Los Angeles. It is anticipated that the event will generate a minimum of \$30M in economic impact, and over 22,00 total room nights.

The rental discount requested exceeds the Transient Occupancy Tax (TOT) the event is projected to produce. However, due to the significant economic benefit E3 brings to Los Angeles, and pursuant to the provisions in the Discount Policy, we are requesting the 2016 E3 event be granted exception status as an "exceptional event". This exception status has been accorded ESA for the E3 events 2010-2015, and years prior, due to the significant economic benefit the event brings, and due to ESA's commitment to hold the event in Los Angeles on an annual basis. In addition, granting this exception would further our efforts to secure the event for future years. The economic impact from E3 for the past five years is estimated at \$167M, representing close to 130,000 total room nights over the five years.

The amount of the rental discount is \$1,108,880, and E3 is obligated to generate \$450,000 in TOT. Based on recent three year history, our projection is that E3 will generate approximately \$800,000 in TOT in 2016.

Your consideration in providing exception status for the 2016 E3 event is greatly appreciated.

cc: Kathy McAdams, Vice President, Citywide Convention Sales  
Los Angeles Tourism and Convention Board

Thomas Fields, COO & Assistant General Manager  
Los Angeles Convention Center

Brad Gessner, Senior Vice President & General Manager  
Los Angeles Convention Center

DISCOVER **LOS ANGELES.COM**

333 South Hope Street, 18th Floor, Los Angeles, CA 90071  
Tel 213.624.7300 Fax 213.624.9745



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

Date: November 14, 2014

To: Board of Los Angeles Convention & Tourism Development Commissioners

From: Marla Bleavins, Assistant General Manager *Marla Bleavins*  
Department of Convention and Tourism Development

Subject: **FY 2016 BUDGET (BOARD REPORT 14-004)**

**RECOMMENDATIONS**

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

1. Approve the proposed Fiscal Year 2016 budget appropriations and expenditures for the Los Angeles Convention Center operations and the Los Angeles Convention and Tourism Development Department found in Attachments A-G.

**DISCUSSION**

At the November 5, 2014 Board of Los Angeles Convention & Tourism Development (CTD) Commissioners meeting, AEG and CTD staff presented the proposed budgets for the Convention Center operations and the CTD Department for Fiscal Year 2016. Staff is requesting approval of the budget presented at that meeting for inclusion in the Mayor's proposed budget. Department budgets are due to the Mayor's office on November 21, 2014. No changes have been made to the budget that was presented at the Board meeting on November 5 except for an increase to the salaries account for the CTD Department. This adjustment was based on final salary amounts provided by the City Administrative Officer. The following budget documents are attached for your review:

- Attachment A - Overview of Proposed LACC Appropriations and Expenditures
- Attachment B - 15/16 Proposed Budget
- Attachment C - 15/16 Proposed Budget (Operations by Month)
- Attachment D - 15/16 Bureau Booking
- Attachment E - 15/16 LACC Booking Summary
- Attachment F - 15/16 CTD Department Budget
- Attachment G - 15/16 Capital Improvement Expenditure Program Request

The budget for the Los Angeles Tourism and Convention Board will be presented at a subsequent meeting once the Transient Occupancy Tax (TOT) revenue estimate that forms the basis of their budget is available.

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

TRANSMITTAL

Date: November 19, 2014

To: Los Angeles Department of Convention & Tourism Development

From: Board of Los Angeles Department of Convention &  
Tourism Development Commissioners

Subject: FY 2016 BUDGET - Report No. 14-004

Fiscal Year 2016 budget appropriations and expenditures for the Los Angeles  
Convention Center operations and the Los Angeles Convention and Tourism  
Development Department

Budget request is approved and transmitted for further processing.

---

Jon Vein, President  
Board of Los Angeles Department of Convention &  
Tourism Development Commissioners

# Proposed LACC

## Appropriations and Expenditures

On-Budget Appropriations		Amount	Source of Funding
CTD Department		\$1.67 million	LACC Operating Revenues / CVB Trust Fund
Cash Flow Management Fund		\$5 million	General Fund
LACC Reserve Fund		\$2.18 million	LACC Operating Funds
Booking Policy Off-Set		\$5.6 million	General Fund / TOT
Off-Budget Expenditures		Amount	Source of Funding
LACC-AEG Operating Budget		\$21.8 million	LACC Operating Revenues
LATCB Budget		TBD	TOT Revenue /CVB Trust Fund
CIP Expenditures		Amount	Source of Funding
Various Capital Projects		\$11.8 million	Commercial Paper

Debt service and related costs are not shown; related budget schedules for these expenditures are prepared by the CAO.



	Budget 7/1/15 - 6/30/16	Budget 7/1/14 - 6/30/15
<b>Revenue's (net of event expenses)</b>		
Rent	12,304,051	10,810,952
Less Discounts	(5,625,830)	(4,667,699)
<b>Net Rent</b>	<b>6,678,221</b>	<b>6,143,254</b>
Food and Beverage Sales	12,466,239	12,679,987
F & B expenses	(10,199,628)	(10,474,041)
<b>Net Food and Beverage Revenue</b>	<b>2,266,611</b>	<b>2,205,946</b>
Utility Services Gross Billing	9,946,642	10,073,070
Percent kept by vendor	(6,372,636)	(6,444,076)
<b>Utility Services Commissions</b>	<b>3,574,007</b>	<b>3,628,994</b>
Parking receipts	8,563,549	8,502,187
Staples Center Debt Service	(1,000,000)	(1,000,000)
<b>Net Parking Revenue</b>	<b>7,563,549</b>	<b>7,502,187</b>
Event Billing	643,419	620,445
Event Expenses	(929,807)	(674,935)
<b>Net Event Billing</b>	<b>(286,387)</b>	<b>(54,490)</b>
<b>Communications</b>	<b>963,223</b>	<b>962,194</b>
Cell Towers	425,894	384,855
Marketing / Advertising	312,500	249,500
AV	290,000	250,000
Other	62,239	59,189
Prior Year carryover & Other	-	-
<b>Total Revenue</b>	<b>21,849,856</b>	<b>21,331,628</b>
<b>Expenses</b>		
Salaries & Wages - Full Time	7,348,377	7,149,846
Salaries & Wages - Part Time	1,040,319	1,016,893
Overtime General	199,516	195,080
Parking Wages	867,075	864,016
Payroll Taxes	679,244	652,832
Fringe Benefits	1,217,956	949,878
Workers Comp Insurance - Base coverage	71,060	71,060
<b>Total Wages Salaries and Benefits</b>	<b>11,423,547</b>	<b>10,899,604</b>
Printing and Binding	39,080	38,580
Contracted services	3,147,699	3,310,479
Parking Operating expenses and Management Fee	574,106	574,320
Field Equipment	120,462	102,718
Maintenance Materials & Supplies	170,000	132,000
Transportation Reimbursement	13,819	13,819
Utilities	4,858,552	4,765,545
Office & Administration	262,090	248,490
Operating Supplies	251,550	284,047
Modifications / Repairs	15,000	18,000
Advertising / Promotions	300,427	292,443
Uniforms	20,800	12,000
Recruiting	5,283	5,283
Employee Welfare	35,845	49,345
Insurance	169,391	169,391
Subscriptions	-	-
Furniture, Office, and Technical Equipment	-	-
Guest Relations	9,500	-
Communications	-	-
Startup expenses	-	-
Travel	-	-
Bad Debt & Interest	-	-
Building Operating Expense	-	-
Depreciation	56,323	50,000
Prior Year Adjustment	-	-
Management Fee	371,315	364,105
<b>Total Other Expenses</b>	<b>10,421,241</b>	<b>10,430,565</b>
<b>Appropriations</b>		
<b>Total Appropriations</b>	<b>-</b>	<b>-</b>
<b>Total Expenses and Appropriations</b>	<b>21,844,789</b>	<b>21,330,169</b>
Interest Expense	-	-
Balance to Reserve	5,067	1,460

AEG Management LACC, LLC  
Los Angeles Convention Center  
15/16 Proposed Budget

Revenue's (net of event expenses)	Budget 3/1/16	Operations by Month											
		Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Bureau Booking													
Conventions													
LACC Booking	3,747,986	255,879	356,210	-	490,366	87,718	-	248,731	170,257	340,958	361,743	149,523	1,286,621
Assembly	1,699,632	71,577	140,128	243,915	230,945	44,185	68,111	43,177	320,990	117,935	115,126	27,226	275,318
Consumer	6,065,255	20,156	135,282	112,251	505,482	3,176,539	74,657	729,637	287,749	289,799	165,246	483,944	79,513
Trade	1,263,591	275,826	33,112	81,563	22,428	105,051	-	432,414	93,968	88,859	44,446	59,066	46,866
Meeting	424,774	25,388	44,950	35,979	64,810	22,774	-	31,740	64,250	19,049	34,931	26,567	12,322
Food Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Filing	284,427	25,500	17,000	26,828	17,916	25,500	17,000	42,500	27,183	34,000	17,000	17,000	17,000
Profit on LACC Events	9,737,679	418,447	370,471	500,536	841,581	3,395,269	182,442	1,279,468	794,140	549,641	380,781	593,823	431,009
Non Event Related Revenue													
Parking	7,563,549	611,146	241,603	340,196	588,241	1,285,192	685,380	658,926	512,255	771,042	559,984	467,681	837,902
Cell Towers	425,894	34,886	34,886	35,284	35,284	35,562	35,562	35,805	35,805	35,805	35,805	35,805	35,805
Other Revenue	62,239	5,550	5,550	4,950	4,950	4,950	5,550	4,950	4,950	4,950	5,089	5,100	5,100
Marketing / Sponsorship	312,500	18,750	8,750	16,750	8,750	12,950	8,750	8,750	8,750	1,950	8,750	8,750	188,750
Total Non event Related Revenue	8,364,181	670,332	290,789	396,782	637,226	1,342,653	736,242	708,431	561,760	825,946	610,228	517,336	1,067,596
Total Revenues (net of event expenses)	21,849,856	1,344,658	1,017,470	897,318	1,965,162	4,825,640	917,784	2,236,630	1,526,158	1,716,445	1,352,721	1,260,662	2,785,186
Expenses by Department (AEG Management LACC, LLC)													
Finance & Admin													
Operations	3,504,474	282,286	263,486	271,348	267,236	263,586	269,787	263,888	287,205	265,388	264,888	265,317	540,159
Event Services	11,106,510	1,130,663	1,004,856	911,890	911,913	911,293	996,791	853,559	809,009	833,137	820,977	833,045	1,089,175
Guest Services / Security	964,966	75,822	76,102	77,322	80,122	74,622	79,222	77,122	74,622	74,622	74,622	77,622	124,149
HR	1,798,169	163,157	145,412	146,212	146,212	146,412	151,219	146,212	146,212	146,212	146,212	146,212	165,485
Sales and Marketing	625,494	51,474	50,379	51,579	48,879	51,579	62,230	48,879	48,879	48,879	48,879	48,879	64,381
Total Expenses by department	865,252	69,010	64,510	67,676	68,176	69,176	80,633	67,676	68,176	67,676	67,676	67,676	106,199
Other Departments													
Parking expense	18,867,875	1,772,412	1,507,745	1,526,027	1,522,538	1,516,668	1,633,882	1,437,336	1,434,303	1,436,214	1,425,494	1,436,751	2,091,548
General Fund	1,441,182	105,773	75,609	81,920	107,079	194,131	119,794	116,564	142,363	125,253	104,483	89,916	178,297
LACC Oversight Group (13 employees)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses and Appropriations	2,976,913	68,949	115,718	176,010	116,611	115,718	116,611	125,089	116,611	168,335	116,611	115,718	183,751
Discount add back	21,844,789	1,947,134	1,798,071	1,763,957	1,746,227	1,826,517	1,875,286	1,698,989	1,893,276	1,729,902	1,646,548	1,644,385	2,453,597
Balance to Reserve	5,067	(602,476)	(781,601)	(886,640)	222,935	2,998,123	(957,502)	537,642	(167,118)	(13,357)	(293,826)	(383,703)	331,589

Total 15/16	25
Total 14/15	23
Total 13/14	20

## Attachment D

Event Name	Rent			Billed Services	Recurring Services		Electrical	Biomedical	AV	Smart City		LACC Revenue
	Gross	Discount	Net Rent		Gross	Vendor				42017	42016	
Arms Expo	306,210	(302,203)	4,007	20,223	42,187		194,000	(54,086)		46,700	(30,355)	16,345
DECA Health and Fitness Convention	225,131.7	(123,942)	97,975	3,755	28,030		45,000	(17,100)		22,600	(14,500)	7,910
2015 World Summer Games	548,915	(847,915)	1,000	20,000	28,030		185,000	(102,300)		10,000	(6,500)	3,500
ACAM SENGAPH Conferences	37,000	(23,204)	109,750	37,000	28,030		296,000	(183,500)		2,500	(7,500)	5,000
AbeoMax	339,860	(233,264)	109,750	10,000	28,030		252,594	(128,228)		185,000	(107,250)	57,750
National Association Housing & Redevelopment	76,106	(71,106)	5,000	10,000	28,030		65,000	(44,300)		10,000	(7,500)	2,500
UBM Global - North American Summit	83,847	(82,847)	1,000	28,030	28,030		65,000	(44,300)		18,420	(11,850)	6,584
UBM Game Developers Conf Orls GDC Next & ADC	89,030	(88,030)	1,000	28,030	28,030		35,000	(22,348)		91,240	(60,931)	32,309
University Annual Meeting	252,281	(272,281)	20,000	28,030	28,030		165,000	(102,300)		15,000	(11,250)	3,750
University Annual Meeting	559,450	(394,450)	180,000	7,789	11,558		115,000	(71,300)		40,500	(26,325)	14,175
LA Marathon	69,000	(69,000)	1,000	17,734	17,734		22,000	(13,640)		16,000	(10,400)	5,600
American Heart Assoc - International Stroke Conference	346,263	(277,200)	69,000	11,500	11,500		18,000	(18,000)		105,000	(68,250)	36,750
Biophysical Society Annual Meeting	198,246	(163,492)	32,754	28,030	28,030		25,000	(25,000)		60,000	(39,000)	21,000
International Association of Allergy, Asthma, and Immunology - 2016 meeting	343,873	(318,673)	25,000	17,734	17,734		100,000	(62,000)		10,000	(7,500)	2,500
International Association of Dental Research	162,876	(152,876)	10,000	17,734	17,734		145,000	(89,900)		15,000	(9,750)	5,250
Association of Veterinary Medical Professionals - Annual Conference	1,000	15,000	15,000	10,000	17,734		65,000	(40,300)		2,500	(7,500)	5,000
Association of Veterinary Medical Professionals - Annual Conference	1,000	15,000	15,000	10,000	17,734		65,000	(40,300)		2,500	(7,500)	5,000
Association of Veterinary Medical Professionals - Annual Conference	1,000	15,000	15,000	10,000	17,734		65,000	(40,300)		2,500	(7,500)	5,000
SCVA Junior National Qualifier	292,941	(153,865)	89,076	2,500	14,538		3,173	(1,967)		10,000	(6,500)	3,500
SCVA Junior National Qualifier	122,901	(112,001)	10,000	17,734	17,734		100,000	(62,000)		10,000	(7,500)	2,500
American Soc of Colon & Rectal Surgeons Annual Meeting	147,659	(126,240)	19,419	2,166	21,166		100,000	(62,000)		10,000	(7,500)	2,500
Neighborhoods American - Training Institute	49,555	(48,555)	1,000	2,500	21,166		5,569	(3,556)		15,000	(11,250)	3,750
Neighborhoods American - Training Institute	174,032	(147,412)	26,620	21,166	21,166		115,000	(71,300)		10,000	(6,500)	3,700
Association of Legal Administrators - Annual Conference	1,000	(1,000)	1,000	52,240	62,069		2,533,680	(1,722,892)		270,000	(170,100)	99,900
E3	202,508	(181,508)	83,492		43,786		130,000	(93,000)		90,000	(56,700)	33,300
BET												
	6,516,572	(5,625,830)	893,741	293,308	669,036		4,806,188	(3,122,208)		197,655	(148,241)	549,933.30
										1,500,238.00	(868,254.70)	5,002.00

[illegible]

**AEG Management LACC, LLC**  
**Los Angeles Convention Center**  
**July 2015 - June 2016**  
**Bureau Booking**

0.1744300

Event Name	40001	40003	Food and Beverage	40005	Net F & B	Budget per event
Arma Expo	296,037	240,500	Concessions	Contra F & B	93,715	138,017
IDEA Health and Fitness Convention	99,968	10,000	Catering	Contra F & B	(90,816)	117,862
2015 Special Olympics World Summer Games	275,000	185,000			(380,259)	79,741
AACI SINGAPORE Conference	185,000				(152,930)	32,070
Arma Expo	172,000	35,000			(172,591)	37,409
National Association Housing & Redevelopment	10,000	10,000			(8,565)	1,434
CoreNet Global - North American Summit	75,000	10,000			(69,858)	38,368
UBM Game Developers Conf Online GDC Next & ADC	250,000	229,963			(394,462)	14,464
Chesley Society Annual Meeting	25,000				(19,877)	85,501
MayKay Leadership Conference	110,000	15,000			(103,194)	5,123
MayKay Leadership Conference	24,000				(19,803)	21,806
American Heart Assn - International Stroke Conference	10,000	25,000			(19,475)	4,197
Biophysical Society Annual Meeting	200,000	15,000			(147,475)	30,535
American Academy of Allergy, Asthma, and Immunology - 2016 n	150,000	25,000			(144,596)	30,694
International Association of Dental Research	100,000	10,000			(90,763)	19,237
Hewlett Packard Company - HP Global Conference	125,000	5,000			(103,230)	21,770
Association of Writers and Writing Programs - Annual Conference	85,000	5,000			(73,774)	16,226
SCVA Junior National Qualifier	250,000	5,000			(209,026)	45,974
SCVA Junior National Qualifier	150,000	25,000			(143,449)	31,551
American Roentgen Society - Annual Meeting	10,000	2,000			(9,865)	2,135
American Soc of Colon & Rectal Surgeons Annual Meeting	10,000				(8,221)	1,779
NeighborWorks American - Training Institute	10,000				(8,221)	1,779
Association of Legal Administrators - Annual Conference	1,250,000				(1,021,275)	228,725
ES	120,000				(98,042)	21,958
BET					-	-
	4,462,065	856,963		(4,371,522)	947,506	3,747,996

July	August	September	October	November	December	January	February	March	April	May	June
398,065	250,000	535,198	533,189	112,867	111,611	155,866	480,356	87,718	255,879	356,210	255,879
460,000	185,000	(533,189)	(533,189)	111,611	155,866	480,356	87,718	255,879	356,210	255,879	255,879
585,000	289,963	(719,697)	(719,697)	155,866	480,356	87,718	255,879	356,210	255,879	255,879	255,879
25,000	-	(19,877)	(19,877)	5,123	21,806	34,722	170,257	340,958	361,743	148,523	1,298,621
110,000	15,000	(103,194)	(103,194)	21,806	34,722	170,257	340,958	361,743	148,523	1,298,621	1,298,621
174,000	25,000	(164,278)	(164,278)	34,722	170,257	340,958	361,743	148,523	1,298,621	1,298,621	1,298,621
575,000	50,000	(515,790)	(515,790)	109,210	139,725	5,693	259,683	947,506	3,747,996	3,747,996	3,747,996
735,000	40,000	(635,275)	(635,275)	139,725	5,693	259,683	947,506	3,747,996	3,747,996	3,747,996	3,747,996
30,000	2,000	(26,307)	(26,307)	5,693	259,683	947,506	3,747,996	3,747,996	3,747,996	3,747,996	3,747,996
1,270,000	-	(1,193,317)	(1,193,317)	259,683	947,506	3,747,996	3,747,996	3,747,996	3,747,996	3,747,996	3,747,996
4,462,065	856,963	(4,371,522)	(4,371,522)	947,506	3,747,996	3,747,996	3,747,996	3,747,996	3,747,996	3,747,996	3,747,996

AEG Management LACC, LLC  
Los Angeles Convention Center  
July 2015 - June 2016  
LACC Booking Summary

Year over Year events	2015		2016		Budget 14/15		Budget 15/16	
	2015	2016	2015	2016	2015	2016	2015	2016
LACC Booked	23	23	23	23	23	23	23	23
Assembly	53	48	53	48	53	48	53	48
Trade	21	17	21	17	21	17	21	17
Meeting	153	126	153	126	153	126	153	126
Food Service	27	31	27	31	27	31	27	31
Bar	238	295	238	295	238	295	238	295
Total	427,200	472,200	427,200	472,200	427,200	472,200	427,200	472,200
Revenue by Month - July								
Assembly	114,000	120,000	114,000	120,000	114,000	120,000	114,000	120,000
Trade	96,412	96,412	96,412	96,412	96,412	96,412	96,412	96,412
Meeting	28,854	28,854	28,854	28,854	28,854	28,854	28,854	28,854
Food Service	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Bar	385,500	385,500	385,500	385,500	385,500	385,500	385,500	385,500
Total	660,266	660,266	660,266	660,266	660,266	660,266	660,266	660,266
Revenue by Month - August								
Assembly	160,800	160,800	160,800	160,800	160,800	160,800	160,800	160,800
Trade	91,236	91,236	91,236	91,236	91,236	91,236	91,236	91,236
Meeting	53,798	53,798	53,798	53,798	53,798	53,798	53,798	53,798
Food Service	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Bar	251,562	251,562	251,562	251,562	251,562	251,562	251,562	251,562
Total	683,906	683,906	683,906	683,906	683,906	683,906	683,906	683,906
Revenue by Month - September								
Assembly	138,240	138,240	138,240	138,240	138,240	138,240	138,240	138,240
Trade	97,112	97,112	97,112	97,112	97,112	97,112	97,112	97,112
Meeting	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Food Service	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Bar	605,588	605,588	605,588	605,588	605,588	605,588	605,588	605,588
Total	866,940	866,940	866,940	866,940	866,940	866,940	866,940	866,940
Revenue by Month - October								
Assembly	138,240	138,240	138,240	138,240	138,240	138,240	138,240	138,240
Trade	97,112	97,112	97,112	97,112	97,112	97,112	97,112	97,112
Meeting	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Food Service	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Bar	605,588	605,588	605,588	605,588	605,588	605,588	605,588	605,588
Total	866,940	866,940	866,940	866,940	866,940	866,940	866,940	866,940
Revenue by Month - November								
Assembly	138,240	138,240	138,240	138,240	138,240	138,240	138,240	138,240
Trade	97,112	97,112	97,112	97,112	97,112	97,112	97,112	97,112
Meeting	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Food Service	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Bar	605,588	605,588	605,588	605,588	605,588	605,588	605,588	605,588
Total	866,940	866,940	866,940	866,940	866,940	866,940	866,940	866,940
Revenue by Month - December								
Assembly	138,240	138,240	138,240	138,240	138,240	138,240	138,240	138,240
Trade	97,112	97,112	97,112	97,112	97,112	97,112	97,112	97,112
Meeting	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Food Service	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Bar	605,588	605,588	605,588	605,588	605,588	605,588	605,588	605,588
Total	866,940	866,940	866,940	866,940	866,940	866,940	866,940	866,940
Revenue by Month - January								
Assembly	138,240	138,240	138,240	138,240	138,240	138,240	138,240	138,240
Trade	97,112	97,112	97,112	97,112	97,112	97,112	97,112	97,112
Meeting	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Food Service	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Bar	605,588	605,588	605,588	605,588	605,588	605,588	605,588	605,588
Total	866,940	866,940	866,940	866,940	866,940	866,940	866,940	866,940
Revenue by Month - February								
Assembly	138,240	138,240	138,240	138,240	138,240	138,240	138,240	138,240
Trade	97,112	97,112	97,112	97,112	97,112	97,112	97,112	97,112
Meeting	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Food Service	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Bar	605,588	605,588	605,588	605,588	605,588	605,588	605,588	605,588
Total	866,940	866,940	866,940	866,940	866,940	866,940	866,940	866,940



	Year over year events		
	2013/2014	Budget 14/15	Budget 2015/2016
Total	23	23	25
LATC8 Booked	33	46	48
Assembly	33	59	61
Consumer	21	18	18
Trade	31	17	18
Meeting	153	126	136
Food Service	4	0	0
Flaming	32	31	33
Total	338	295	306

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Department of Convention and Tourism Development  
Fiscal Year 2016 Departmental Request

Appropriation					
Appr Unit	Name	FY 2014-15 Request	FY 2014-15 Adopted	FY 2015-16 Request	Variance
001010	Salaries, General	\$1,491,292	\$1,620,732	\$1,512,702	(\$108,030)
001070	Salaries, As-Needed	\$225,000	\$50,000	\$50,000	\$0
001090	Salaries, Overtime	\$10,000	\$5,000	\$5,000	\$0
002120	Printing and Binding	\$20,000	\$5,000	\$5,000	\$0
002130	Travel	\$15,000	\$0	\$15,000	\$15,000
003040	Contractual Services	\$25,000	\$14,000	\$25,000	\$11,000
003310	Transportation	\$6,000	\$6,000	\$6,000	\$0
003330	Utilities Expense Private Co.			\$6,000	\$6,000
006010	Office and Administrative	\$40,000	\$15,000	\$30,000	\$15,000
009350	Communication Services	\$5,000	\$5,000	\$13,000	\$8,000
	Total	\$1,837,292	\$1,720,732	\$1,667,702	-\$53,030

**Department of Convention and Tourism Development  
Capital Improvement Expenditure Program  
FY 2015-16 Budget Request**

**ATTACHMENT G**

Priority Ranking	Project Name	Proposed By	Total Project Cost	Previously Approved	FY 2015-16 Request
1	Solar Array Project	CTD	\$7,000,000	\$0	\$7,000,000
2	South Hall Floor Remediation	CTD	\$1,750,000	\$350,000	\$350,000
3	Graphic Command Control computer upgrade	AEG	\$160,000	\$0	\$160,000
4	HVAC System for the Independent Distribution Facility - IDF 2.0	AEG	26,000	\$0	\$26,000
5	Cooling tower pump package	AEG	\$70,000	\$0	\$70,000
6	Carpet Replacement	CTD	\$1,300,000	\$300,000	\$280,000
7	Compactor Replacement	AEG	\$75,000	\$0	\$75,000
8	Upgrade Room Lighting Dimming Control System	CTD	\$900,000	\$350,000	\$400,000
9	Visual Interaction Displays	AEG	\$600,000	\$0	\$600,000
10	Security Ramp Gates	AEG	\$30,000	\$0	\$30,000



11	Escalator and Elevator Repair/Modernization Program	CTD	\$1,500,000	\$300,000	\$300,000
12	Two way radio upgrade	AEG	\$400,000	\$0	\$80,000
13	South Hall Lighting System	AEG	\$400,000	\$0	\$400,000
14	Access Control throughout the Convention Center	AEG	\$90,000	\$0	\$90,000
15	2 Pole Sign Upgrade to programmable signs	AEG	\$400,000	\$0	\$200,000
16	Meeting Room Sound System Upgrade	AEG	\$2,000,000	\$0	\$400,000
17	West Hall low roof replacement	AEG	\$830,000	\$0	\$830,000
18	Concession stand renovation	AEG	\$350,000	\$0	\$350,000
19	Men's and Women's restroom remodel Hall K and Hall G	AEG	\$125,000	\$0	\$125,000
Total			\$18,006,000	\$1,300,000	\$11,766,000

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

Date: November 14, 2014

To: Board of Los Angeles Convention & Tourism Development Commissioners

From: Marla Bleavins, Assistant General Manager *Marla Bleavins*  
Department of Convention and Tourism Development

Subject: **CHANGES REQUESTED BY THE BOARD AND THE CITY ATTORNEY  
TO THE LOS ANGELES TOURISM AND CONVENTION BOARD  
CONTRACT**

On November 5, 2014, the Board of Los Angeles Convention & Tourism Development Commissioners approved a contract with the Los Angeles Tourism and Convention Board to provide services related to promoting Los Angeles as a site for conventions and leisure travel (Board Report 14-002). This contract is subject to the approval of the City Attorney as to form and legality, as such the City Attorney has provided CTD staff with changes to the contract.

The Board requested certain changes to the contract at the November 5, 2014 meeting and approved the contract as amended. Attached for your review, is the contract which incorporates the changes requested by the Board and the City Attorney. The changes are noted in red. CTD staff transmitted this contract to the City Clerk for consideration by the City Council.

Exec Ref: 14-181

**AGREEMENT TO PARTIALLY FUND ACTIVITIES  
BETWEEN THE CITY OF LOS ANGELES  
AND  
LOS ANGELES TOURISM AND CONVENTION BOARD**

THIS AGREEMENT ("Agreement") is made and entered into as of January 1, 2015, by and between the City of Los Angeles, a municipal corporation ("City") and Los Angeles Tourism and Convention Board, a nonprofit California corporation ("Contractor").

**RECITALS**

A. City desires to increase the competitiveness of the City of Los Angeles as a convention and tourist destination in the national and international market place so that the City can derive greater economic benefit from out-of-town visitors in the form of job creation, tax revenue and spending at local businesses.

B. City desires to have the Los Angeles Convention Center (LACC) serve as an even stronger economic engine for the City by enhancing the number and quality of citywide conventions that utilize a significant number of hotel rooms.

C. City desires to spread the economic benefits of tourism through the City by leveraging the cultural and geographic diversity of the City.

D. City desires to engage out-of-town visitors to enhance the visitor experience and encourage extended and repeat overnight stays.

E. To accomplish this purpose, it is necessary to develop and execute sales, marketing, advertising and public relations programs designed to apprise individuals, groups and organizations of the commercial, climatic, educational, recreational, and cultural advantages of Los Angeles, as well as its modern and extensive convention facilities.

F. Contractor is a California nonprofit mutual benefit corporation whose members are individuals and businesses engaged in the tourism and convention business, including hotels, restaurants, transportation providers, theme parks and museums. As a Destination Marketing Organization (DMO), contractor engages in activities to promote Los Angeles as an attractive destination for visitors and has assembled comprehensive information relating to housing, recreational, entertainment, transportation and other facilities which are of interest to visitors. Contractor also maintains extensive files and programs relating to groups, organizations and societies which regularly hold meetings and conventions.

G. Contractor is uniquely qualified by virtue of its possession of the foregoing information, its offices in other cities in the United States and around the world, and its relationships with local hotels and carriers, to undertake the promotion and advertisement of Los Angeles as a premier convention or meeting host, and as a destination for tourists and tour groups.

H. Contractor's activities can support and foster the creation and growth of additional employment in Los Angeles through the monies spent by visitors in Los Angeles. The City will also directly benefit from increased Transient Occupancy Tax ("TOT") revenues generated by visitors' stays in hotels and other accommodations in Los Angeles.

I. City has created and established within its Treasury a special trust fund, known as the "The Greater Los Angeles Convention and Visitors Bureau Trust Fund" (the "Trust Fund"). A fraction (as determined in Section 4(a), below) of all amounts of Transient Occupancy Taxes received by the City under the tax imposed by Los Angeles Municipal Code Section 21.7.3 shall be placed in the Trust Fund. Expenditures from the Trust Fund shall be made solely to finance the promotion and advertising of Los Angeles as a destination for the purpose of attracting conventions, trade shows, and tourism to Los Angeles in keeping with the terms of this Agreement.

J. Contractor's activities serve a public purpose from which the City will benefit. Accordingly, the City desires to provide financial assistance to the Contractor.

K. City desires to have the funding it provides in support of promoting the City as a convention and tourist destination spent in such a way that maximizes the return on its investment.

IN CONSIDERATION of the mutual promises, covenants, representations and agreements set forth below, the City and Contractor hereby agree as follows:

## 1. Definitions

The following terms used in this Agreement shall have the defined meanings set forth below:

**Booked Room Nights** - (1) Hotel room nights for attendees of a meeting and/or event held at LACC that has confirmed attendance by an executed Letter of Intent with the Contractor for a specific future event, or (2) room nights for self-contained meetings or events, in City hotels, which have been confirmed by an executed contract between the hotel and event sponsor.

**Center Events** - Events booked by the LATCB that do not meet the definition of a citywide convention.

**City** - The City of Los Angeles, a municipal corporation.

**City Council** - The City Council of the City of Los Angeles.

**Citywide Convention** - An event held at the Los Angeles Convention Center that generates at least 3,000 room nights with 1,500 room nights on peak and utilizes no fewer than 3 hotels.

**Council Committee** - The City Council policy committee appointed to oversee the functions of the CTD, or such other committee of the City Council as the Council may designate.

**Contractor** - Los Angeles Tourism and Convention Board also known as LA Tourism.

**Controller** - The Controller of the City of Los Angeles.

**CTD** - Convention and Tourism Development Department, City of Los Angeles.

**CTD Board** - Board of Convention and Tourism Development Commissioners.

**LACC** - Los Angeles Convention Center, owned by the City of Los Angeles.

**LACC Operator** - Private company contracted by the City to manage and operate the LACC.

**Letter of Intent** - Letter signed by the client confirming Los Angeles as the host city for their Citywide Convention and outlining the financial commitments of the Los Angeles Tourism & Convention Board and total room night commitments of the client.

**Sales Lead** - Citywide Lead also referred to as Prospect is defined as a potential future meeting/convention (event requiring sleeping rooms, meeting space, exhibit space and/or food and beverage, etc.) that could be held in Los Angeles utilizing the Los Angeles Convention Center ("LACC") and a minimum of three Los Angeles hotels and/or 3,000 total room nights.

**TOT** - Transient Occupancy Tax imposed by Los Angeles Municipal Code Section 21.7.3.

**Trust Fund** – Greater Los Angeles **Visitors** and Convention Bureau Trust Fund established in the Administrative Code Chapter 15 Section 5.315.

**2. Term**

The term of this Agreement shall be from January 1, 2015 to and including June 30, 2020.

**3. Services to be Provided by Contractor and other Related Responsibilities**

- a. The services and deliverables to be provided by the Contractor as well as the related goals and performance metrics under this Agreement are substantially set forth in Appendix E, "Services to be Provided by Contractor for Contract Year 2014-15". Prior to the start of each fiscal year, CTD and Contractor will establish mutually agreeable goals, objectives and deliverables for the upcoming fiscal year thereby executing a new Appendix E each year. The services and deliverables shall align with the following core objectives:
  - i. Increase the number of people visiting Los Angeles as both a convention and tourist destination in order to increase the economic benefits derived from out-of-town visitors to the City;
  - ii. Measure the economic impact from citywide conventions and the tourism and hospitality sector;
  - iii. Facilitate and track visitor engagement with those visiting Los Angeles for both conventions and leisure travel to enhance the visitor experience with the intent of encouraging repeat visitation and longer stays; and
  - iv. Effectively leverage TOT funds with other sources of funding to promote conventions and tourism to maximize the yield from the City's investment.
- b. To achieve these objectives optimally, the City recognizes and encourages LATCB to leverage these contract funds with other non-TOT funds to drive hotel stays yielding increased TOT revenues and visitor spending that benefits the City's General Fund and the Los Angeles economy. As such, Contractor shall use best efforts to develop other sources of revenue, such as memberships and sponsorships to support the promotion of tourism in Los Angeles.

- c. Contractor shall use its best efforts to promote and utilize hotels and other accommodations in the City of Los Angeles to offer and secure room blocks for conventions and/or events at the LACC.
- d. Contractor shall report to the CTD on the implementation and status of room block agreements that are operational.
- e. Contractor shall use TOT funds to promote the City for the purpose of attracting conventions, tradeshow and tourism to the City and for no other purpose.
- f. Contractor shall **be responsible for** a post audit of room nights consumed following convention and/or events at the LACC and report the results of such audits to the CTD quarterly. Contractor shall use best efforts to produce these audits within 120 days after the events conclude.
- g. Contractor shall report to CTD board on a monthly basis regarding progress towards meeting goals and performance metrics set forth in Appendix E and on any other topic related to the convention center industry or tourism as reasonably requested by the Board or by the CTD.
- h. **Promote Los Angeles in the media. Apprise the CTD Board of major destination advertising and tourism media campaigns, funded by non-TOT funds during the early stages of creative development.. Collaborate with City to ensure that media campaigns compliment City's effort to brand itself. Support the City's effort brand itself if requested to do so. Any specific dollar amounts for such an effort will be determined during the budget process.**
- i. **Maintain web site and social media platforms to engage potential visitors to Los Angeles in a manner that compliments the City's efforts to brand itself. As part of this effort, Contractor shall provide web analytics to the CTD and CTD shall treat such information as proprietary.**
- j. Contractor shall report to City officials on its plan to market Los Angeles to visitors.
- k. Contractor shall use best efforts to leverage the geographic and cultural diversity of the City to drive hotel stays and promote tourism with additional focus on areas of the City that may have been overlooked by traditional tourism efforts.
- l. Contractor shall provide CTD with comprehensive convention and



tourism industry data and analysis to inform the City as to the performance of tourism as a key economic driver and assist CTD with developing special reports for its stakeholders.

- m. Contractor shall meet with CTD staff and the LACC Operator on a regular basis to discuss operational, policy and business issues related to booking events at the Convention Center.
- n. Contractor shall book events into the Convention Center in accordance with the booking and discount policies in the Los Angeles Administrative Code.
- o. Contractor shall use its best efforts in booking the City's convention facilities in a manner that uses rental discounts judiciously and maximizes revenue for the LACC facility while prioritizing the booking of citywide conventions to drive hotel room nights.
- p. Contractor shall provide other mutually agreed upon services to carry out the core objectives of this Agreement as identified in Section 3 **including Appendix E and elsewhere in the Agreement.**

#### **4. Payments by City**

- a. City will credit to the Fund an amount equivalent to a fraction of all TOT received by the City during the term of this Agreement. Said fraction shall have as its numerator the number "1" and as its denominator the number which coincides with the current percentage of TOT imposed by the Los Angeles Municipal Code. By way of example, the current TOT is 14 percent. Therefore, City will credit to the Fund an amount equivalent to one fourteenth (1/14) of all TOT received by the City during the term of this Agreement so long as the 14 percent TOT remains in effect. Five (5) percent of the actual receipts deposited in the Fund shall be held by the City in said Fund for the purpose of offsetting any possible decline in Fund receipts. It is understood and agreed that any and all sums paid to Contractor by City will be used by Contractor only for allowable costs incurred in performing one or more of the services set forth in Section 3 of this Agreement.
- b. The City anticipates appropriating for the purposes of this Agreement, a total of 95 percent of the projected receipts of the Fund during each fiscal year during the term of this Agreement. City shall advance to Contractor on each July 1, October 1, January 1 and April 1, during the term of this Agreement 23.75% of the projected receipts of the fund for each fiscal year.
- c. Approximately thirty (30) days in advance of July 1, October 1, January



1 and April 1 (individually referred to as a “Quarterly Payment Date”), during the term of this Agreement, Contractor shall submit an advance billing (“Advance Billing”) in the manner prescribed by the City (substantially as contained in Appendix B, attached hereto), requesting payment by City of allowable costs incurred or to be incurred during the calendar quarter ending on the next Quarterly Payment Date, in an amount not to exceed one fourth (1/4) of the amount appropriated by City for purposes of this Agreement for the applicable fiscal year. After receipt and audit, to the extent deemed necessary by City, and approval of each such Advance Billing, City shall pay Contractor the amount of the Advance Billing (“Advance Billing Payment”).

- d. Prior to the payment of the April 1 Advance Billing, if the City’s projected receipts to the Fund through the end of the fiscal year will be less than originally anticipated, the amount paid to the Contractor in the April 1 Advance Billing Payment shall be adjusted so that total payments for that fiscal year shall not exceed the amount of receipts projected to be deposited into the Fund.
- e. If, at any time prior to June 30<sup>th</sup> of each year, the City projects receipts to the Fund through the end of the fiscal year will be greater than originally anticipated, due to actual collections in excess of projections or revised forecasts, the Contractor shall have the right to invoice the City for the increased amount and such excess shall be paid, prior to June 30<sup>th</sup> of such year.
- f. June of each fiscal year, the Contractor may request payment of any balance of the 5% holdback account remaining on June 30<sup>th</sup>. Payment of said funds shall be made in a lump sum to the Contractor as soon after July 1 as practicable. If Contractor fails to request payment of said funds, the remaining balance of the 5% holdback account shall be appropriated to the Contractor in accordance with Section 4(b) and paid to the Contractor as soon after July 1 as practicable.
- g. In the event that Contractor requires funds in addition to the budget amount for a legitimate promotional purpose, to perform special studies or to offset a decline in Fund Receipts and to the extent that additional monies may be available in the Fund, Contractor may request such funds from the City Council through the CTD.
- h. Within 30 days after the end of each Quarterly Payment Date, Contractor shall submit to the City Council, by providing copies to the CTD, an interim progress statement of cumulative costs incurred during the fiscal year of the Agreement to that date, prepared in a manner substantially in the form set out in Appendix C, attached hereto

("Interim Progress Statement"). City shall review or audit the Interim Progress Statement and the supporting books and records to the extent deemed necessary by the City. A final determination of allowability shall be made only after Contractor's submission to the City of a copy of its audited financial statements and completion of the City's audit, as described below in Section 4(i). City shall also informally review Contractor's monthly financial statements, as described in Section 5(a), to ensure general compliance with the provisions of this Agreement.

- i. Contractor shall maintain records as provided in Section 5(d). Within one hundred twenty (120) days following the end of each fiscal year, after Contractor's books have been audited by a certified public accountant and such accountant's independent report has been issued, and after Contractor's books for such period have been closed, Contractor shall submit a copy of its audited financial statements to City. City shall conduct its final year-end audit and issue its final report to Contractor on allowability of costs ("Allowability Report") within 60 days after receipt of Contractor's audited financial statements. Any costs incurred by Contractor using TOT funds which are not specifically incurred for purposes of services to be provided by Contractor under Section 3 of this Agreement shall be unallowable costs for purposes of this Agreement. In the event funds paid to Contractor under Section 4 of this Agreement exceed total expenditures by Contractor for services described in Section 3 for the fiscal year in question, such amount shall be refunded by Contractor to the Fund within 30 days after Contractor's receipt of the Allowability Report. Such Fund reimbursements shall be available for future disbursement to Contractor for allowable costs. If the Contractor does not have sufficient funds to repay such amounts to the Fund, the amount owed shall be deducted from the next quarterly payment from the Fund due to Contractor.
- j. Any cost determined by the City to have been incurred by the Contractor for activities or services not authorized by this Agreement shall be deemed to be unallowable costs and shall be reimbursed by Contractor as provided in Section 4(i). Any disputes which are not resolved by negotiation between Contractor and City's designee for contract administration shall be presented by the CTD to the City Council with recommendations for action by the Council which shall finally determine the matter. Contractor shall be included in the resolution of any such disputes.
- k. All Billings and Statements shall be submitted to the CTD for review and approval. Should the CTD find that any Billings, Statements or Year-End Claims of the Contractor are not in compliance with the

provisions of this Agreement, and should efforts to obtain compliance by the Contractor prove unsuccessful, the CTD shall report thereon to the City Council with recommendations for action by the Council. Contractor shall be included in the resolution of any such disputes.

- l. Should any of the payments provided for under Section 4(c) be less than one fourth (1/4) of the amount appropriated by the City for purposes of this Contract in the applicable fiscal year, any of the subsequent invoices for that year by the Contractor may request payment of the amount for that period plus the difference between the amount paid by City on such prior invoice and one fourth (1/4) of the amount appropriated by the City for purposes of this Agreement in that fiscal year.
- m. Although the term of this Agreement is for five and one-half years funding to the Contractor in each fiscal year is conditioned upon the City Council appropriating funds to the budget for the Agreement and the availability of sufficient monies in the Fund to reimburse the City's general fund for Advance Billings of the Contractor. The failure of the City Council to appropriate funds for this Agreement shall be deemed a termination by the City subject to the provisions of Section 11.
- n. Notwithstanding anything contained in this Agreement to the contrary, the City shall not be obligated to appropriate any particular amount of monies or any monies for funding of this Contract for any fiscal year.
- o. In incurring travel and related expenses, Contractor shall, when practicable, make reasonable efforts to abide by Los Angeles Administrative Code sections 4.242.1-4.242.9 (Policy for Travel Expenses, Non-Travel Expenses and Elected Officials' Contingency Account Expenditures). Notwithstanding the foregoing, Contractor shall not use funds provided under this Agreement for tickets to sporting events or concerts, limousine service, site inspections via helicopter, welcome gifts, alcoholic beverages or memberships in dining or social clubs.
- p. The Contractor may designate monies as part of its annual funding to be used as a reserve fund ("Reserve Fund") and include such monies as part of its Advance Billings. These monies may be held by Contractor and carried over for use in subsequent fiscal years and may be used at the discretion of the Contractor for any purposes permitted under this Agreement. The maximum which may be set aside by the Contractor and held in the Reserve Fund and carried over to subsequent fiscal years may not exceed fifteen (15) percent of the annual budget appropriation for the succeeding year. Any amounts held by Contractor in the Reserve Fund exceeding fifteen (15) percent cannot be carried over by the Contractor, but must be reimbursed to

the Fund.

- q. Any funds paid to Contractor under this Agreement not expended at the end of each fiscal year shall augment the Reserve Fund and be carried over for use in subsequent fiscal years in accordance with the provisions of Section 4(p).
- r. Contractor shall use its best efforts to procure goods and services from local businesses in the City of Los Angeles.

## **5. Financial Reporting Requirements**

- a. Contractor shall submit to the CTD copies of its monthly financial statements. Said statements shall include specific information as to all sources of funds and in-kind contributions, amounts received from each such source, and the programs and services for which City and other funds have been expended. With each of its monthly financial statements, Contractor shall provide copies of its computerized check register and general ledger for the period covered by the statement. The Interim Progress Statements, referred to in Section 4(h), shall be accompanied by copies of Contractor's financial statement for the period covered.
- b. Within 120 days following the end of its fiscal year, Contractor shall provide to the CTD a copy of its audited financial statement for such fiscal year.
- c. The Advance Billings shall be prepared in a form substantially as show in Appendix B attached to this Agreement and signed by an authorized official of the Contractor. Interim Progress Statements submitted by the Contractor shall be certified by an authorized official or agent of the Contractor that the costs and expenses, incurred or to be incurred, for which payment is requested are reasonably related to Contractor's performance of services under this Agreement and are true and correct, in the form provided for in California Code of Civil Procedure Section 2015.5.
- d. Contractor shall maintain and preserve books of account and other financial records during the term of this Agreement. Said books and records shall accurately record monies received by source, date and amount; and monies expended by name of vendor, description of goods or services purchased, the nature and purpose of the expenditure and the date of purchase and the amount. The record of amounts paid to vendors shall distinctly separate City Fund expenditures from private transactions of the Contractor. Contractor shall retain such books and records for at least three years following

the final payment by City hereunder for the fiscal year in question. At any time during the term of this Agreement or within three years following the final payment under this Agreement, the City and its authorized representatives shall have the right, on reasonable notice and during regular business hours, to review, inspect and audit the Contractor's books and records. Such information shall be maintained as confidential by the City to the extent permitted under the California Government Code, section 6250 et seq. (California Public Records Act).

- e. Following the end of each fiscal year during the term of this Agreement, Contractor shall submit a report to CTD and the Council Committee describing the services provided and the accomplishments attained from Fund expenditures during such fiscal year.

## **6. Competitive Bidding**

In the interest of economy and to assure the effective use of City funds, for all matters involving the expenditure of City funds over \$25,000, Contractor shall solicit bids by advertising or by request to three or more qualified potential providers of applicable goods or services. Contractor shall make reasonable efforts to obtain bids from at least three different qualified parties and shall select the lowest and best responsible contractor on the basis of such bids as are received; provided that Contractor may reserve the right to reject all such bids. Contractor shall document and maintain all such bids or proposals to enable the City to audit the same. Notwithstanding the foregoing, in instances where Contractor determines that it is not feasible to solicit three bids, Contractor shall, at least ten days before incurring such expense, report to the CTD the basis for said determination.

## **7. Budget Requirements**

Contractor shall provide to the CTD, in a form prescribed by the CTD, information for use in the Mayor's annual budget submission to the City Council. This shall include the Contractor's annual proposed budget, details such as actual expenditures and revenues, estimates on source of funds, revenues, expenditures, major areas of work emphasis, and productivity goals. Contractor and CTD shall develop a schedule each year for the delivery of this information. Contractor shall notify CTD of any major changes in the portion of its budget that is funded by the CVB Trust Fund.

Budget shall include funding to cover the cost of contract administration by the City. The amount of the funding for this purpose shall be determined during the budget process and subject to the agreement of both parties.

Budget shall also include funding to be spent on initiatives specified by the CTD for purposes that are consistent with the goals and objectives of this Agreement, the specifics of which shall be determined during the budget process.

**8. Compensation Payment of Sales Staff**

Contractor may provide incentive compensation payments to staff in the Director and Manager positions or classifications that are directly involved in the function of selling the City of Los Angeles as a site for business meetings, conventions, trade shows, and other group activities involving the overnight stay in City of Los Angeles hotels. Procedures and criteria utilized for these incentive compensation payments must be approved by the Sales Committee of the Board of Directors of the Los Angeles Tourism and Convention Board and reviewed by the CTD. Except as provided in this paragraph, Contractor shall make no incentive compensation payments from funds provided under this Agreement to executive staff, senior management, or non-sales staff members.

**9. Insurance and Indemnity**

Contractor agrees to maintain the insurance coverages and limits listed on the Insurance Requirements Sheet, attached to this Agreement as Appendix 'D,' and to comply with the applicable insurance conditions set forth in PSC-10 and PSC-17 of Appendix A to this Agreement.

**10. City Designee for Contract Administration**

a. This Agreement shall be administered on behalf of the City by the CTD. The CTD shall be responsible for receiving and forwarding all Advanced Bills, statements, Year End Claims and other similar documents for approval. Upon approval for payment by the CTD, the CTD will process payments as required under this Agreement. The CTD shall be responsible for reviewing, approving and making recommendations to the City Council as necessary or appropriate as to matters such as requests for additional funds, disputes regarding Advance Billing Payment, or significant changes in the services to be provided by Contractor. The Office of Finance shall conduct the final year-end financial audit of the Contractor, as described in Section 4(i). The Contractor shall reimburse City for the salary expense, including indirect costs, of a City auditor assigned to assist the Office of Finance in administering the Agreement; provided, that in no event shall the total of such reimbursement exceed \$25,000 per year.

b. City auditor shall, for purposes of auditing any Advance Billing

Payment submitted by Contractor, have access to all books and records of the Contractors for both allowable and unallowable costs incurred under this Agreement and for all Contractor sources of revenue as provided in Section 5.

- c. The Contractor shall give notice of the time and place of meetings of its Board of Directors to the CTD. The CTD shall be entitled to attend all meetings of the Contractor's Board.

## **11. Termination**

Notwithstanding any other provision contained in this Agreement to the contrary, City, on appropriate action by the City Council, or Contractor may terminate this Agreement upon not less than 180 days prior written notice, subject to all provisions for statements, audits, payments or refunds contained in this Agreement. In the event of early termination of this Agreement by City, Contractor shall be entitled to (a) payment under this Agreement up to and including the date of termination and (b) reimbursement for all unavoidable costs associated with such termination.

## **12. Notices**

A notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (1) on personal delivery, (2) 24 hours after deposit with Federal Express or a comparable express courier, addressed to a party at the address set forth below, or (3) 48 hours after deposit in the United States mail, by certified mail, postage prepaid, addressed to such party. A party may designate another address for notice purposes by giving written notice to the other in the manner provided in the Section.

If to Contractor:                      Los Angeles Tourism and Convention Board  
333 S. Hope Street  
18<sup>th</sup> Floor  
Los Angeles, CA 90071

If to City:                                Los Angeles Department of Convention and  
Tourism Development  
1201 South Figueroa Street  
Los Angeles, CA 90015

## **13. Incorporation of Standard Provisions, Precedence of Documents**

- a. The Standard Provisions for City Personal Services Contracts, attached to this Agreement as Appendix "A" and the appendices referred to in subparagraph (b) below are incorporated into this

Agreement.

- b. In the event of an inconsistency between any of the provisions of this Agreement and the appendices to this Agreement, the inconsistency shall be resolved by giving precedence in the following order:
  - i. Provisions of this Agreement.
  - ii. Appendix A, Standard Provisions for City Personal Services Contracts (Rev. 03/09).
  - iii. Appendix B, Advance Billing.
  - iv. Appendix C, Interim Progress Statement.
  - v. Appendix D, Insurance Requirements.
  - vi. Appendix E, Services to be Provided by Contractor, and subsequent annual reports under Appendix E.

#### **14. Miscellaneous Provisions**

- a. The subject headings of the paragraphs and subparagraphs of this Agreement are included for convenience only and will not affect the construction or interpretation of any of its provisions.
- b. Unless the context clearly requires otherwise:
  - i. Plural and singular numbers will each be considered to include the other;
  - ii. The masculine, feminine, and neuter genders will each be considered to include the others;
  - iii. "Shall," "will," "must," "agree," and "covenants" are each mandatory;
  - iv. "May" is permissive;
  - v. "Or" is not exclusive; and
  - vi. "Includes" and "including" are not limiting.
- c. All references to sections, paragraphs and subparagraphs are to those in this Agreement, unless the context otherwise requires. Documents attached to this Agreement as exhibits or appendices are incorporated in this Agreement as though set forth in full.

#### **15. Processing of License and Discount Requests**

The Contractor is required to submit the license request packets to the LACC Operator within two weeks of executing a Letter of Intent with sales leads for such conventions, meetings and trade shows to be held in the



City of Los Angeles. The license request packet shall include a cover memorandum from the Contractor, a request form for a LACC License with three years of history, a cost analysis form, a pricing discount approval form, the transmittal Convention Center Reservation Form and the signed Letter of Intent.

Contractor shall cooperate with requests by the LACC Operator to expedite the submittal of such license packets if circumstances warrant the submittal within less than the two week time frame referenced above, i.e. competition with another convention center for the business.

Contractor shall submit to the CTD through the LACC operator for prior review and approval all rental discounts to be offered to LACC licensees. Rental discount request requiring CTD Board approval should be submitted at least two weeks prior to the Board meeting date.

## **16. Personnel**

At the written request of the Executive Director of the Convention and Tourism Development Department, delivered by messenger, Contractor shall change or remove Contractor's personnel assigned to perform services on the City's account relating to the Convention Center. Contractor shall take the requested action in the time indicated by the Executive Director, which shall not be less than one business day after delivery of written notice. Contractor's President and Chief Executive Officer ("CEO") shall have the right to meet at a mutually acceptable time to discuss the basis for the requested change or removal and any alternative course of action. If the meeting between the Executive Director and the Contractor's CEO does not resolve the matter, the Contractor's CEO may request a meeting with the Mayor or his representative to discuss the action and any possible alternative course of action. After such a meeting, the decision of the General Manager, after consultation with the Mayor, shall be final.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

THE CITY OF LOS ANGELES  
a municipal corporation

LOS ANGELES TOURISM AND  
CONVENTION BOARD a California  
nonprofit corporation

By: \_\_\_\_\_  
ROBERT "BUD" OVROM  
Executive Director

By: \_\_\_\_\_  
ERNEST WOODEN JR. ,  
President

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGALITY

ATTEST: HOLLY WOLCOTT , City  
Clerk

MICHAEL N. FEUER  
City Attorney

By: \_\_\_\_\_  
TERRY MARTIN-BROWN  
Assistant City Attorney

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

# APPENDIX E

## Services to be Provided by Contractor in Contract Year 2014 – 2015

The primary goal of the City of Los Angeles' engagement with the Los Angeles Tourism and Convention Board (LATCB) is to grow the local economy by promoting the City as a site for citywide conventions, business meetings, major tradeshow and as a destination for leisure travel. LATCB will endeavor to achieve this goal by executing the services and deliverables described below that align with four core objectives identified in Section 3(a) of the Agreement. Performance metrics that align with each core objective will help the City to evaluate how well these objectives are being met. **The City recognizes that LATCB's ability to meet annual performance goals can be impacted both positively and negatively by broader economic trends and factors. As such, the City will take this into consideration when assessing LATCB's performance in order to properly attribute accomplishments due to their efforts.**

To achieve these objectives optimally the City recognizes and encourages LATCB to leverage these contract funds with other sources of funding to drive hotel stays yielding increased TOT revenues and visitor spending that benefits the City's General Fund and the Los Angeles economy.

### **OBJECTIVE 1**

**Increase the number of people visiting Los Angeles as both a convention and tourist destination in order to increase the economic benefits derived from out-of-town visitors to the City**

Services and Deliverables Related to Objective 1:

- a. Promote the City of Los Angeles and its facilities and attractions as a desirable location for association and corporate meetings, conventions and major trade shows. Efforts shall include but not be limited to, representing the City in domestic and international convention and tourism industry associations; attending industry trade shows, customer events, and sales missions; and advertising in key industry trade publications.
- b. Solicit sales leads for such conventions, meetings and trade shows to be held in the City of Los Angeles with an emphasis on using the LACC and City of Los Angeles hotels
- c. Book citywide conventions and assisted convention center events at LACC for future years that will produce room nights at hotels within the City of Los Angeles
- d. Provide customary client services to citywide conventions at the LACC

- e. Develop and execute a sales and marketing plan for booking events at the LACC that focuses on leveraging the LACC's strengths and opportunities, mitigating the LACC's weakness and challenges, and provides specific strategies and tactics for addressing them
- f. Use best efforts to promote the geographic and cultural diversity of the City to drive overnight stays with additional focus on areas of the City that may have been overlooked by traditional tourism efforts with the intent of spreading the economic benefits of tourism throughout the City
- g. Promote Los Angeles in the media. Apprise the CTD Board of major destination advertising and tourism media campaigns, funded by non-TOT funds **during the early stages of creative development**. Collaborate with City to ensure that media campaigns compliment City's effort to brand itself. **Support the City's effort brand itself if requested to do so. Any specific dollar amounts for such an effort will be determined during the budget process.**
- h. Assist the City as requested with efforts related to the expansion and modernization of the Convention Center. Assistance may include, but is not limited to, providing design input and attending design meetings, providing data as requested, which may involve the use of third party consultants, and visiting other convention centers to evaluate competitive designs
- i. Report to City officials on plans to market Los Angeles to visitors
- j. Maintain close communications and collaboration with CTD and AEG staff regarding proprietary customer information, proprietary sales strategies, conversion rates and other data
- k. Provide the City with comprehensive collection of convention and tourism industry data that will inform policymakers on the performance of tourism as an economic driver. Data may include research compiled or acquired with non-TOT funds. Research includes, but is not limited to, drivers of decision making for meeting planners and data on competitive centers.

I. Performance Metrics for Objective 1:

Objective 1 Performance Metrics	Frequency of Reporting	FY 2014 Actual	FY 2015 Goal	FY 2015 Actual	Variance
<b>CITYWIDE / CENTER EVENTS</b>					
i. Number of Citywide/Center Events Sales Leads (track separately)	Monthly	210	225		

ii. Number of Citywide/Center Events Booked for future years (track separately)	Monthly	26	41		
iii. Number of Citywide/Center Events Hosted (track separately)	Monthly	23	25		
iv. Reported Number of Citywide/Center Event Delegates (track separately)	Quarterly	290,418	353,350		
v. Total Number of Citywide/Center Events Room Nights	Quarterly	157,458	202,626		
<p align="center"><b>VISITOR DATA TO LOS ANGELES COUNTY</b> Source: Tourism Economics</p>					
vi. Total Visitors to Los Angeles County	Annual	42.6 million	43.6 million		
vii. Total Overnight Domestic Visitors	Annual	22.5 million	23 million		
viii. Total International Visitors	Annual	6.3 million	6.6 million		
ix. Total Day Visitors	Annual	13.8 million	14 million		

## **OBJECTIVE 2**

### **Measure the economic impact from citywide conventions and the tourism and hospitality sector**

Services and Deliverables Related to Objective 2:

- a. Report on economic impact of citywide conventions and provide detail on methodology for calculating economic impact
- b. Produce audits on hotel room nights consumed by conventions
- c. Provide data on economic impact of tourism and hospitality industry
- d. Performance Metrics for Objective 2:

<b>Objective 2 Performance Metrics</b>	<b>Frequency of Reporting</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Goal</b>	<b>FY 2015 Actual</b>	<b>Variance</b>
<b>ECONOMIC IMPACT OF CITYWIDE / CENTER EVENTS</b> Source: Tourism Economics					
i. Estimated TOT from Citywide/Center Events (track separately)	Quarterly	\$4.7 million	\$6.3 million		
ii. Estimated Local Business Sales from Citywide/Center Events (track separately)	Annually	\$132.1 million			
iii. Estimated Local Tax Revenue from Citywide/Center Events (track separately)	Annually	\$12.1 million			
iv. Fulltime Equivalent (FTE) Jobs from Citywide/Center Events (track separately)	Annually	1,420			
v. TOT revenue for the City	Monthly	\$15.4 million	\$16.2 million		
Source: City of Los Angeles					



<b>LA COUNTY LODGING PERFORMANCE</b> Source: STR					
vi. Hotel Room Night Demand	Monthly	27.6 million	28.4 million		
vii. Hotel Occupancy Rates	Monthly	78.2%	79.3%		
viii. Average Daily Rates	Monthly	\$141.26	\$149.49		
ix. Revenue Per Available Room	Monthly				
<b>ECONOMIC IMPACT – LA COUNTY</b> Source: Tourism Economics Calendar Year 2013					
x. Visitor Direct Spending	Annual	\$18.36 billion			
xi. Visitor Indirect/Induced Spending	Annual	\$9.95 billion			
xii. Estimated Tax Revenue from Leisure and hospitality sector	Annual	\$1,274 billion			
xiii. Estimated Visitor Trip Spends in LA County	Annual	\$614			
xiv. Fulltime Equivalent (FTE) Jobs from Leisure and Hospitality Sector Source: CA EDD	Annual	436,700			

### **OBJECTIVE 3**

**Facilitate and track engagement with those visiting Los Angeles for both conventions and leisure travel to enhance the visitor experience with the intent of encouraging repeat visitation and longer stays**

Services and Deliverables Related to Objective 3:

- a. Survey citywide clients to obtain feedback on specific aspects of the client experience at the LACC (e.g., event services, security, facility condition, food and beverage service, LAX, participating hotels, and other related venues and service providers)
- b. Host and facilitate Customer Advisory Boards as requested by the CTD to obtain feedback from current and potential clients on long-term strategic issues such as designs for the expansion and modernization of the facility, industry trends and client needs
- c. Enhance the visitor experience through an integrated network of visitor centers, digital kiosks, visitor guides, visitors maps (digital or print) providing convenient and relevant destination information and resources
- d. Maintain web site and social media platforms to engage potential visitors to Los Angeles in a manner that compliments the City's efforts to brand itself (non-TOT funding). **Provide web analytics to CTD in accordance with the Agreement.**
- e. Leverage emerging technology in providing compelling information to LA's visitors
- f. Collaborate with the City to find new options and venues that would expand outreach to LA's visitors
- g. Report on visitor perceptions/satisfaction levels (conducted with non-TOT funding) to inform the City as to how it may improve the visitor experience in the City with the goal of getting visitors to stay longer and return
- h. Maintain and publish L.A. Tourism Calendar of Events
- i. Performance metrics for Objective 3:

<b>Objective 3 Performance Metrics</b>	<b>Frequency of Reporting</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Goal</b>	<b>FY 2015 Actual</b>	<b>Variance</b>
i. Reported Citywide Client Satisfaction Ratings	Quarterly (if available)				
ii. Number of Visitors Intercept Impression at Visitor Centers and Kiosks	Annual	1.1 million	1.15 million		

iii. Visitor Satisfaction Ratings from Visitor Profile Study (Funded by non-TOT resources) Source: Destination Analysts 2013	Every 3 years or when conducted	49.2 very satisfied  46.8 satisfied			
iv. Number of Visits to Discover Los Angeles web site	Quarterly	9 million	8.2 million		
v. Social Media Activity (Facebook, Twitter and Instagram followers)	Quarterly	3 million	3.3 million		
vi. Average Length of Stay of Overnight Visitors	Annually				
vii. Percent of Repeat Visitors from Visitor Profile Study  (Funding by non-TOT resources)  Source: Destination Analyst 2013	Every 3 years or when conducted				

## **OBJECTIVE 4**

**Effectively leverage TOT funds, with other sources of funds, to promote conventions and tourism to maximize the yield from the City's investment**

Services and Deliverables Related to Objective 4:

- a. Use best efforts to develop other sources of revenue, such as memberships and sponsorships, to support the promotion of tourism in Los Angeles
- b. Use best efforts in booking the City's convention facilities to maximize total revenues for the LACC facility with the priority of booking quality business that drives hotel room nights and spending from out-of-town visitors that stimulates the local economy and generates TOT to the City of Los Angeles
- c. Generate earned media to create awareness and excitement among potential visitors
- d. Submit TOT-funded budget for review by CTD Board and inclusion in the Mayor's proposed budget
- e. Deliver audited financial statements within 120 days after close of fiscal year
- f. Regularly update CTD Board on metrics and sales activity
- g. Submit monthly financial reports to CTD on use of all sources of funds
- h. Performance metrics for Objective 4:

<b>Objective 4 Performance Metrics</b>	<b>Frequency of Reporting</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Goal</b>	<b>FY 2015 Actual</b>	<b>Variance</b>
i. Rental Income from Citywides  Source: LACC Operator	Quarterly	\$1,022,422			
ii. Percent of Citywide Rental Income Retained by LACC Operations  Source: LACC Operator	Quarterly	21%			

iii. Non-TOT Funds	Quarterly	\$21.8 million	\$28 million		
iv. Total Paid Advertising Value from multiple funding sources	Annual	\$5.9 million	\$6.4 million		
v. Total Earned Media Value from multiple funding sources	Annual	\$36 million	\$40 million		

CTD Approval: \_\_\_\_\_  
Signature
Title

LATCB Approval: \_\_\_\_\_  
Signature
Title

Date: \_\_\_\_\_