



BOARD OF LOS ANGELES DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

Commissioners: Jon F. Vein, President; Ray Bidenost, Vice President;
Nicole Duckett Fricke; Stella Maloyan; Otto Padron

Regular Meeting
Wednesday, March 4, 2015
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. Meeting Minutes
 - Approval of Meeting Minutes from January 26, 2015
 - Approval of Special Meeting Minutes from February 9, 2015

REPORTS:

4. Monthly Reports for January 2015
 - a. AEG – Update by Brad Gessner, Sr. VP & General Manager and Keith Hilsen, VP Finance
 - b. LATCB – Sales Update by Kathy McAdams, VP Convention Sales and Barbara Kirklighter, VP Revenue Strategy

ACTION ITEMS:

5. Request for Authority to Review and Propose Changes to the Administrative Code Related to Rental Rate Adjustments and Other Necessary Changes (Board Report 15-002)
6. Request to Approve Space Rental Discount Request for 2016 WonderCon Event (Board Report 15-003)
7. Name Architecture for Expansion and Futurization Project

AGENDA FORECAST / SPECIAL TOPICS:

- | | |
|----------------|---|
| March 18, 2015 | - LACC Capacity Efficiency Review |
| | - Hotel Strategy Update |
| | - CIP |
| | - Expansion & Futurization Project Update |
| April 1, 2015 | - Monthly Reports for February 2015 |

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
 AND TOURISM DEVELOPMENT**

Regular Meeting Minutes
 January 26, 2015
 9:00 a.m.

The Board of Los Angeles Convention and Tourism Development (Board) convened a regular meeting on Monday, January 26, 2015 at 9:01 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
 Commissioner Otto Padron
 Commissioner Nicole Duckett Fricke

Bud Ovrom, Executive Director –

Los Angeles Department of Convention & Tourism Development (CTD)
 Glyn Milburn, Business Team Representative – Office of the Mayor
 John Wickham, Legislative Analyst – Office of the Chief Legislative Analyst (CLA)
 Terry Martin Brown, Assistant City Attorney – Office of the City Attorney
 Brad Gessner, Sr. Vice President & General Manager – AEG Facilities
 Keith Hilsen, VP Finance – AEG Facilities
 Ernest Wooden, President & CEO –
 Los Angeles Tourism & Convention Board (LATCB)
 Darren Green, Sr. Vice President, Sales - LATCB
 Kathy McAdams, Vice President, Citywide Convention Sales - LATCB
 Barbara Kirklighter, Vice President, Revenue Strategy – LATCB
 Jeff Morris, President - HEILBrice
 Adria Ybarra, Executive Administrative Assistant – CTD

ABSENT:

Vice President Ray Bidenost

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

Item 2. Public Comment – Chris Hannan, LA/OC Building Trades presented an update on the successful labor negotiations with the trade employees and LACC/AEG.

Item 3. Approval of the Amended Meeting Minutes from December 3, 2014 and Meeting Minutes from December 17, 2014

APPROVED

Moved by: Commissioner Nicole Duckett Fricke
 Seconded by: Commissioner Otto Padron

Ayes: President Vein, Commissioners Duckett Fricke and Padron

Nays: None

The following items were heard out of order.

Item 5. Executive Director's Report – LACC Expansion & Futurization

Mr. Bud Ovrom updated the Board on the area hotel statistics.

Item 6. Update on Plan B

Mr. Bud Ovrom updated the Board on the successful public meeting regarding Plan B and informed the group that the public comment period closes January 30, 2015. The process will continue to move forward.

Item 7. Monthly Reports for November 2014

- a. Mr. Brad Gessner presented the LACC/AEG November 2014 report. Mr. Gessner also presented the 1st Year Anniversary of Managing the LACC report.
- b. Mr. Wooden presented a video on Los Angeles tourism. Mr. Darren Green presented the LATCB November 2014 report. In addition, Mr. Jeff Morris, President of HEILBrice presented the Board with a presentation on the 2015 Global Media Plan and Communications Strategy specific to meeting planners.

Item 4. AEG Discretionary Incentive Fee – Board Report 14-005

CTD Recommendations:

Staff recommends that the Board of Los Angeles Convention and Tourism Development Commissioners approve the Discretionary Incentive Fee for Fiscal Year 2013-14, as outlined in Section 5.4 of the Management and Operation Agreement between the City of Los Angeles and AEG Management LACC, LLC in the Amount of \$59,039.

APPROVED

Moved by: President Vein

Seconded by: Commissioner Nicole Duckett Fricke

Ayes: President Vein, Commissioners Duckett Fricke and Padron

Nays: None

Item 8 Agenda Forecast / Special Topics

The next Board meeting is scheduled for Wednesday, February 4, 2015.

ADJOURNMENT

The meeting was adjourned at 10:34 a.m.

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

Special Meeting Minutes
February 9, 2015
9:30 a.m.

The Board of Los Angeles Convention and Tourism Development (Board) convened a special meeting on Monday, February 9, 2015 at 9:35 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:**Teleconference Locations:**

President Jon Vein

MarketShare, 11150 Santa Monica Blvd., 5th Floor, L.A., CA 90025

Vice President Ray Bidenost

Chef Robért Catering, 8950 Glenoaks Blvd., Los Angeles, CA 91352

Commissioner Nicole Duckett Fricke

Regal Assets, 3450 Cahuenga Blvd.W., Bldg. 705, Los Angeles, CA 90068

Bud Ovrom, Executive Director –

Los Angeles Department of Convention & Tourism Development (CTD)

Kathy McAdams, Vice President, Citywide Convention Sales –

Los Angeles Tourism & Convention Board

Ellen Schwartz, VP, Sales & Marketing – AEG Facilities

Adria Ybarra, Executive Administrative Assistant – CTD

ABSENT:

Commissioner Otto Padron

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

Item 2. Public Comment – No public comments.

Item 3. Approval of the Revised Society for the Promotion of Japanese Animation – Anime Expo 2015 (Board Report 15-001)

APPROVED

Moved by: Commissioner Nicole Duckett Fricke

Seconded by: Vice President Ray Bidenost

Ayes: President Vein, Vice President Bidenost, and Commissioner Duckett Fricke

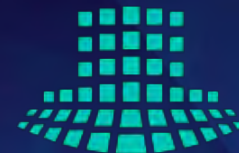
Nays: None

ADJOURNMENT

The meeting was adjourned at 9:39 a.m.

Los Angeles Convention Center Monthly Status Report January 2015

Brad Gessner



Los Angeles Convention Center[®]

Managed By 

EMPLOYEE OF THE MONTH – JANUARY 2015



Trung Le
System Administrator

LACC JANUARY EVENTS

<u>DATE</u>	<u>EVENT</u>	<u>DAILY REGISTERED</u>	<u>ATTENDANCE</u>
Jan. 9 - 11	Discover The Dinosaurs	6,044	36,263
Jan. 5 – Feb. 15	County of L.A. – H.R.	400	12,000
Jan. 14 - 18	LA Art Show	2,000	8,000
Jan. 10 – 11	BrideWorld Expo	2,600	5,200
Jan. 18	Equipo Vision	4,016	4,016
Jan. 21	Naturalization Ceremony	14,000	14,000
Jan. 23 - 26	California Gift Show	3,000	12,000
Jan. 25	Feria de la Salud	4,500	4,500
Jan. 31	2015 College Expo	10,000	10,000
Jan. 30 – Feb. 1	The Voice	4,000	8,000

TOTAL EVENTS: 10

TOTAL ATTENDANCE: 125,979

LACC JANUARY FILMING AND PHOTO EVENTS

<u>Date Generated</u>	<u>Name</u>	<u>Amount</u>
Jan. 19 - 20	Brooklyn 99	\$21,835
Jan. 21 – 31	Directors Bureau Honda	\$63,478
Jan. 22	HBO Outlaws	\$2,390
Jan. 31	VW Stills	\$4,920

TOTAL FILMING: \$92,623

LACC January 2014 Financials –\$73K below budget for January; \$599K above budget YTD

REVENUES – January \$1.6 million; YTD \$14.8 million
\$50K below January budget; \$816K above YTD budget

- Rental Income - January \$744K (\$-10K in rental discounts); YTD \$4.6 million
 - \$45K below January Budget ; \$323K above YTD Budget
- Food & Beverage – January \$(291)K; YTD \$1.1 million
 - \$248K below January Budget; \$306K below YTD budget
- Utilities Revenue – January \$158K; YTD \$2.1 million
 - \$4K above January budget; \$37K below budget YTD
- Parking Revenue – January \$889K; YTD \$5.2 million
 - \$146K above January budget; \$322K above YTD
- Other (Event Billing, Communications, A/V, Cell Towers, and Sponsorship) – January \$160K; \$1.8 million YTD
 - \$93K above budget January; \$514K above YTD

EXPENSES – \$1.75 million in January ; \$13.6 million YTD

- \$22K above January budget; \$217K above YTD

- Wages Salaries and Benefits - \$874K in January; \$5.9 million YTD
 - \$17K below January budget; \$326K below YTD Budget
- Other Expenses - \$879K in January; \$7.7 million YTD
 - \$40K above January budget; \$543K above YTD

LOOKING FORWARD

- Financial Forecast
- Alterations & Improvements

AEG-LACC
Revenue Expense by Category - Revenue Expense
From 01/1/2015 Through 01/31/2015

(In Whole Numbers)

	Period Actual	Period Budget	Period Budget Variance	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original	Total Budget	Budget Remaining	Percent Total Budget Remaining - Original
Revenue									
Rent									
Gross Rent	733,855	789,000	(55,145)	6,543,421	6,349,589	193,832	10,810,952	(4,267,531)	(39)%
Discounts	10,062	0	10,062	(1,936,559)	(2,066,312)	129,753	(4,667,699)	2,731,140	(59)%
Total Rent	743,917	789,000	(45,083)	4,606,862	4,283,278	323,584	6,143,254	(1,536,392)	(25)%
Food and Beverage									
Food and Beverage Sales	300,291	480,000	(179,709)	8,023,818	7,746,435	277,383	12,679,987	(4,656,169)	(37)%
Food and Beverage Expenses	(590,936)	(522,143)	(68,793)	(6,967,349)	(6,384,193)	(583,156)	(10,474,041)	3,506,692	(33)%
Total Food and Beverage	(290,645)	(42,143)	(248,502)	1,056,469	1,362,242	(305,773)	2,205,946	(1,149,477)	(52)%
Utility Services									
Utility Sales	383,865	407,200	(23,335)	6,337,924	5,723,255	614,669	10,073,070	(3,735,147)	(37)%
Service Provider Share	(225,415)	(253,482)	28,067	(4,224,143)	(3,572,323)	(651,820)	(5,444,076)	2,219,934	(34)%
Total Utility Services	158,450	153,718	4,732	2,113,781	2,150,932	(37,151)	3,628,994	(1,515,213)	(42)%
Parking receipts (net of sales tax)	888,708	742,260	146,448	5,298,128	4,975,814	322,314	8,502,187	(3,204,058)	(38)%
Telecommunications									
Telecommunications Sales	36,362	24,618	11,744	1,812,481	1,441,342	371,139	2,749,127	(936,646)	(34)%
Service Provider Share	(23,635)	(16,002)	(7,633)	(1,148,963)	(936,872)	(212,091)	(1,786,933)	637,969	(36)%
Total Telecommunications	12,727	8,616	4,110	663,518	504,470	159,048	962,194	(298,677)	(31)%
Audio / Visual									
Audio Visual Sales	42,641	26,580	16,061	227,318	371,432	(144,114)	687,730	(460,412)	(67)%
Service Provider Share	(11,678)	(20,201)	31,879	(120,593)	(280,498)	159,895	(437,730)	317,136	(72)%
Total Audio / Visual	54,318	6,379	47,939	106,724	90,944	15,781	250,000	(143,276)	(57)%
Event Billing	35,140	12,510	22,630	593,074	352,270	240,804	620,445	(27,371)	(4)%
Cell Towers	37,142	32,301	4,841	275,556	223,384	52,171	384,855	(109,300)	(28)%
Advertising and Sponsorship	6,344	4,167	2,178	64,188	43,367	20,821	249,500	(185,312)	(74)%
Other Income	14,845	4,950	9,895	57,697	33,400	24,297	59,189	(1,492)	(3)%
Total Revenue	1,660,946	1,711,758	(50,812)	14,835,997	14,020,099	815,897	23,006,563	(8,170,567)	(36)%
Expenses									
Personnel									
Salaries and Wages Full Time	571,233	576,062	4,829	3,855,966	4,024,396	168,430	7,252,977	3,397,011	47 %
Salaries and Wages Part Time	85,461	84,442	(1,019)	563,820	591,093	27,273	1,016,893	453,073	45 %
Parking Labor	76,456	76,103	(353)	455,830	506,814	50,983	864,016	408,185	47 %
Overtime	8,220	16,227	8,007	179,917	113,587	(66,329)	195,080	15,164	8 %
Payroll Taxes	59,752	54,403	(5,349)	314,531	380,819	66,287	652,832	338,300	52 %
Fringe Benefits	77,268	78,565	1,297	474,278	550,056	75,778	944,747	470,469	50 %
Workers Comp	(4,108)	5,922	10,029	37,362	41,452	4,090	71,060	33,698	47 %
Total Personnel	874,282	891,723	17,441	5,881,704	6,208,216	326,513	10,997,604	5,115,900	47 %
Operating Expenses									
Event Expenses	100,504	0	(100,504)	734,423	378,921	(355,502)	674,935	(59,488)	(9)%
Staples Bond Share	83,333	83,333	0	583,333	583,333	0	1,000,000	416,667	42 %
Printing and Binding	4,791	4,002	(789)	41,509	40,333	(1,176)	62,130	20,621	33 %
Contracted Services	223,218	270,647	47,429	2,068,332	2,010,286	(58,046)	3,289,019	1,220,687	37 %
Field Equipment	17,932	2,063	(15,869)	109,370	78,941	(30,429)	102,718	(6,651)	(6)%
Maintenance Supplies	21,082	8,250	(12,832)	152,836	84,750	(68,086)	138,000	(14,836)	(11)%
Transportation Reimbursement	852	1,152	300	6,838	8,061	1,224	13,819	6,982	51 %
Parking Expenses	44,299	40,461	(3,837)	295,673	280,990	(14,683)	574,320	278,646	49 %
Utilities	335,539	341,482	5,943	3,105,949	3,016,585	(89,364)	4,841,146	1,735,196	36 %
Office and Administration	772	2,600	1,828	31,236	23,200	(8,036)	56,200	24,964	44 %
Operating Supplies	830	24,417	23,587	146,352	172,564	26,212	294,647	148,295	50 %
Modification and Repairs	3,728	1,500	(2,228)	36,338	10,500	(25,838)	18,000	(18,338)	(102)%
Advertising and Promotion	4,449	22,712	18,263	63,203	176,985	113,782	292,443	229,240	78 %
Uniforms	1,600	1,000	(600)	18,596	7,000	(11,596)	12,000	(6,596)	(55)%
Recruiting	411	417	6	2,844	3,200	356	5,283	2,440	46 %
Employee Welfare	2,266	1,550	(716)	46,338	43,695	(2,643)	49,345	3,007	6 %
Insurance	14,304	13,843	(461)	84,827	95,089	10,262	169,391	84,564	50 %
Start-up Expenses	0	0	0	28,710	0	(28,710)	0	(28,710)	0 %
Management Fee	14,846	15,471	626	103,921	106,498	2,577	364,105	260,184	71 %
Depreciation Expense	4,694	4,167	(527)	32,855	29,167	(3,688)	50,000	17,145	34 %
Total Operating Expenses	879,449	839,066	(40,383)	7,693,482	7,150,098	(543,385)	12,007,501	4,314,019	36 %
Total Expenses	1,753,732	1,730,789	(22,942)	13,575,186	13,358,314	(216,872)	23,005,105	9,429,919	41 %
Net Income (Loss)	(92,786)	(19,031)	(73,755)	1,260,811	661,785	599,025	1,458	1,259,352	86,361 %

CTD Board of Commissioners Meeting

March 4, 2015

Los Angeles
TOURISM & CONVENTION BOARD



Citywide Convention Sales FY 14/15 Production Goals

Lead Production	Leads Actual
FY 14/15 Goal	210
FY 14/15 YTD	134
FY 13/14 STLY	124

Booked Room Nights Produced	RNs Actual
FY 14/15 Goal	351,000
FY 14/15 YTD	208,861
FY 13/14 STLY	85,382

Sales Pipeline- Future Years

- YTD 14/15 **114 Prospects**, representing **1,360,278 room nights**
- STLY 13/14 **141 Prospects**, representing **1,916,374 room nights**

Q3 Citywide Bookings – 70,750 TRNs



MAX

2017, 2021, 2023, 2024, 2025

57,500 TRNs

(11,500 TRNs per event)

MAX 2014 Results

11,441 TRNs

Economic Impact \$10.67 million

DMAI's Event Impact Calculator



International Convention

2020

13,250 TRNs

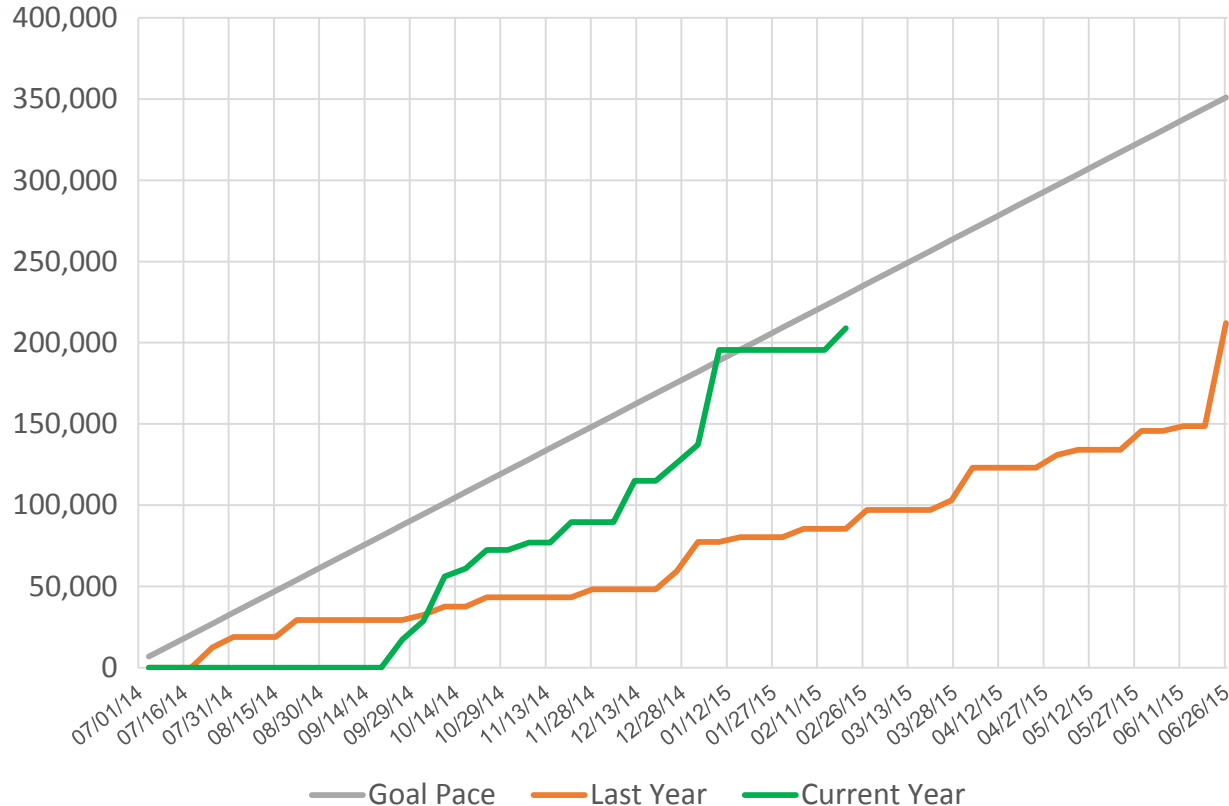
Q3 Citywide Convention Sales Forecast

Convention	Arrival Year	Total Room Nights
Ad:tech	2016	4,245
WonderCon	2016	6,211
Rockwell Automation	2017	12,195
Dassault Systemes SOLIDWORKS	2018	11,900
Anita Borg Institute for Women and Technology	2019	13,430
Airline Passenger Experience Association	2019	4,666
Government Finance Officers Association	2019	14,182
	Total	66,829



Citywide Convention Sales

FY 14/15 Booked 208,861 Room Nights

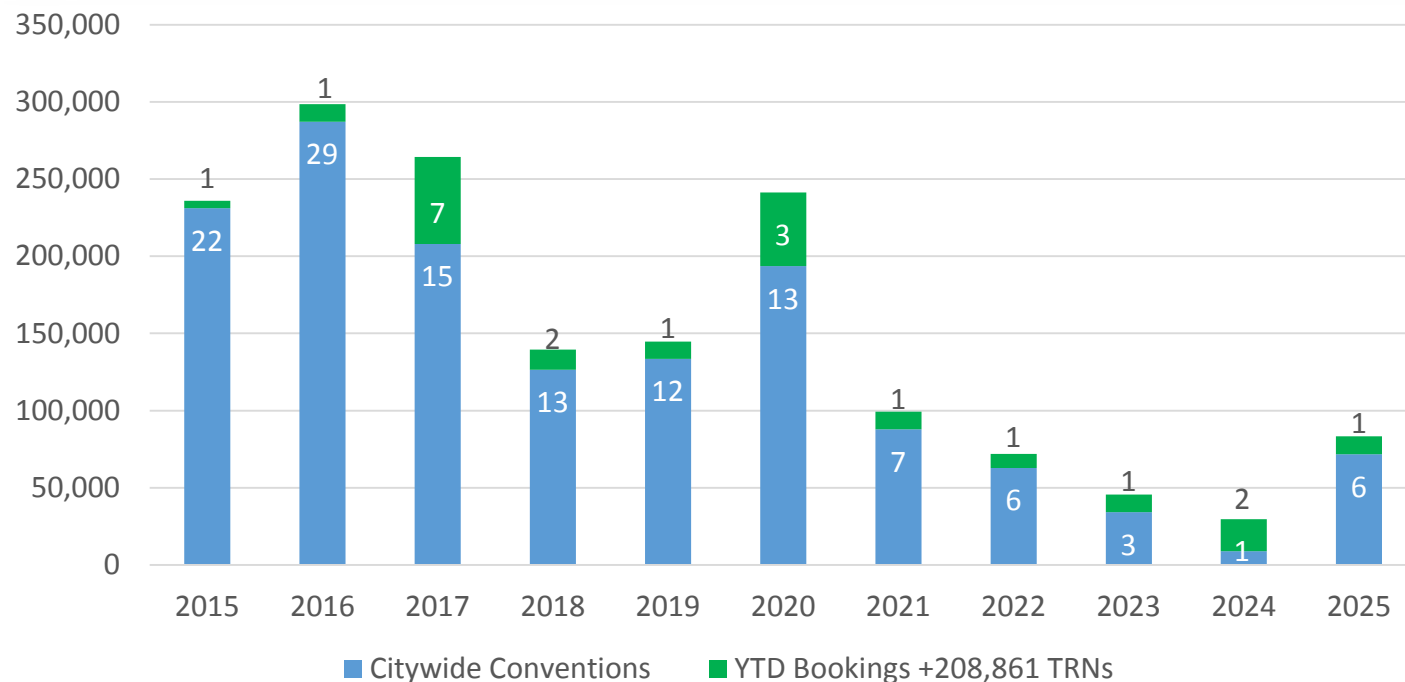


FY 14/15 Goal: 351,000
FY 14/15 YTD: 208,861
FY 13/14 STLY: 85,382

Keys to reaching FY 14/15 Citywide production goal:

- Plan A vs. B confirmation in March
- E3 (2017-2019) = 85,000 TRNs
- Room nights from SF Renovation
- Additional confirmed room inventory

Citywide Convention Sales Booked Room Nights 2015 to 2025 Calendar Year Arrival Date



Dated February 24, 2015

New Hot Prospects



National Veterans Small Business
Engagement
December 2015 or 2016
5,935 TRNs



IMOne Spring
May 2016
6,648 TRNs



May 2016
4,245 TRNs



Annual Clinical Genetics Meeting
March 2019
6,695 TRNs



Franchisee Conference
August 2019
11,883 TRNs

February Citywide Prospect Site Inspections- 9,479 TRNs



May 2016
4,245 TRNs

Site Date: February 10



Annual Meeting
June 2019
5,234 TRNs

Site Dates: February 25-27

Dated February 24, 2015





Los Angeles Convention Center

Background: The re-imagining of the Los Angeles Convention Center to a larger, technologically advanced, modernized, and more desirable meeting destination is underway.

Issue: The potential plan for a combination stadium/convention center has led to referring to an alternative plan without a stadium as “Plan B”

-this unintentionally implies that “Plan B” is an inferior alternative to key stakeholders





Los Angeles Convention Center

Objective: Re-name “Plan B” with the following guiding principles:

- 1) Ensure the new name has literal connotations
 - avoid making stakeholders work to understand it
- 2) Reinforce that this alternative plan is equally desirable
 - it can stand on it's own two feet
- 3) Clearly establish what the impact of the new facility will be
 - clarity for governmental, civic, and residential stakeholders



Los Angeles Convention Center

Suggested Naming Conventions:

1) Next Generation Convention Center

Rationale: Because of the speed in which technology evolves, no convention center is really ever complete. There will always be a new generation of convention center. LA's manifestation is intended to be state-of-art for the next 20-25 years.

2) LACC Expansion Plan

Rationale: Within the industry, the present LACC has a reputation for being too small to host larger conventions. With plans to expand to 1.2M square feet, the new, larger LACC can make hosting more prestigious conventions a reality.

3) LACC Master Plan

Rationale: This implies a larger, intended, superiority claim that the NEW LACC is the centerpiece of a broader economic revitalization plan that includes hotel development, public transportation, and continued build out of “downtown” in the 2nd largest metropolitan market in the country.

Los Angeles Convention Center

Other Considerations:

- 1) “Seeding” this name requires a defining moment to launch it
 - Mayor’s announcement
 - Press release
 - Ground breaking
- 2) A distinct logo/mark can be used as a mnemonic device to reinforce the name
- 3) Depending on which name is chosen, a list of attributes needs to be developed that gives the name both substance and authenticity

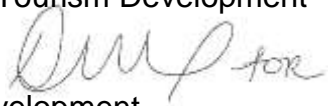
Thank You



CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: March 4, 2015

To: The Board of Los Angeles Convention and Tourism Development

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

Subject: **REQUEST FOR AUTHORITY TO REVIEW AND PROPOSE CHANGES
TO THE LOS ANGELES ADMINISTRATIVE CODE RELATED TO
RENTAL RATE ADJUSTMENTS AND OTHER NECESSARY CHANGES**

SUMMARY

In 2013, the City shifted from a public to a private management operating model and implemented an enhanced governance structure for the Los Angeles Convention Center (Convention Center). As part of this process, the City approved several amendments to the Los Angeles Administrative Code (Code). In furtherance of this effort, the Department of Convention and Tourism Development (CTD) recommends further review of the Code. Since it has been more than a year that these changes have taken affect, it places the Department of CTD in a better position to evaluate this matter and propose recommendations that would be best fit for Convention Center operations.

In general, the Code needs to be updated to address several areas. There are certain provisions that are outdated and do not accurately describe the facility, "space identifiers", as it exists today. Second, Convention Center operations should be provided with the flexibility to discount or enhance space rental rates for all shows to meet market demands.

It is recommended that the Department of CTD work collaboratively with representatives from Anschutz Entertainment Group Facilities, the Los Angeles Tourism and Convention Board, and the offices of the City Attorney, the Chief Legislative Analyst, and the City Administrative Officer in developing recommendations for changes to the Code for further consideration by this Commission. It is suggested that the Department of CTD report back to this Commission within the next three months upon completion of an analysis by the working group identified above. Any changes to the Code must be adopted by the City Council and Mayor to take affect.

RECOMMENDATION

That the Board of Los Angeles Convention and Tourism Development instruct the Department of Convention and Tourism Development to work with Anschutz Entertainment Group Facilities, Los Angeles Tourism and Convention Board, and the offices of the City Attorney, the Chief Legislative Analyst, and the City Administrative Officer to review and develop recommendations for amending Division 8, Chapter 11,

Section 8 of the Los Angeles Administrative Code to provide more flexibility in adjusting space rental and equipment rates, to update space identifiers, and make other necessary changes relative to this matter.

DISCUSSION

Currently the Code authorizes for the reduction of rates or discounts for space rental and equipment for citywide conventions, which generates an out of town attendance that drives an increase in hotel room nights and Transit Occupancy Taxes (TOT). The Code limits this flexibility to non-citywide conventions, or shows that mainly attract local attendance. The City would be placed in a more competitive position if the Convention Center was enabled to adjust its rates to meet market demands for such shows. It could result in attracting new clients and generating additional revenues that would otherwise be lost to competing facilities. Although the Convention Center would be discounting space rental fees, the facility would be generating revenues through the sale of ancillary services including parking, food and beverage, and utility services. Conversely, when exhibit and meeting space is in high demand the Convention Center could take advantage of charging for higher space rental rates. In April 2010, the City adopted the *“flexible demand based space rental pricing”* or Ordinance No. 181156, which provided the Convention Center with discounting flexibility, however the ordinance included a sunset clause for April 2013 and has not been extended.

Other changes include updating space identifiers. For example, the Code does not provide an accurate description of the facility as it exists today.

CONCLUSION


The CTD Department had always anticipated a review of the Code after a year of privatization to better evaluate and determine prudent business practices that can best meet the City's goals and needs. The Department is now in a position to work with the private management contractor (AEG Facilities), along with other partners to develop these proposed changes.

BO:TF:DM

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: March 4, 2015

To: Board of Los Angeles Convention and Tourism Development
Commissioners

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

Subject: **WONDER CON 2016 DISCOUNT REQUEST – BOARD REPORT #15-003**

RECOMMENDATIONS:

That the Board of Los Angeles Convention and Tourism Development Commissioners approve a rental discount exception in the amount of \$34,300 submitted by the Los Angeles Tourism and Convention Board (LATCB) for a convention to be hosted by Comic Con International (CCI) – WonderCon on March 25 to 27, 2016.

DISCUSSION:

The City has a discount policy that allows LATCB to offer discounts on rental rates for citywide conventions and tradeshow as an incentive. This discount policy was formally codified into the Los Angeles Administrative Code (Code) 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 Code 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 Code Section 8.149.1 (a) Subparagraph (C):

"Proposed rate reductions or waivers that do not meet the requirement or waivers 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."

The CCI rental discount submitted for your approval is one such exceptional circumstance as described in Section 8.149.1 (a) Subparagraph (C)(3). The City has an opportunity to host an event that will generate revenue for the Convention Center, provide hotel occupancy and ancillary spend in the downtown area, and establish a working relationship with the CCI team. This business is especially appealing since it falls on a holiday which is typically a difficult time to book. Additionally, the hospitality community is participating in putting together an exceptional package, demonstrating the City's desire to host this growing event and better positioning the Convention Center to lure ComicCon to Los Angeles.

As such, the rental discount requested for the 2016 event exceeds the anticipated Transient Occupancy Tax (TOT). The Board of Los Angeles Convention and Tourism Development Commissioners' approval to exempt WonderCon 2016 from the TOT requirement is necessary to proceed with the contracting process.

Year	Gross Rental Revenue	Rental Discount Based on TOT	"Exempt" Rental Discount Requested	Net Rental Revenue	Minimum Commercial Value Reflected in Discount Packet
2016	\$285,380	\$108,360	\$34,300	\$142,690	\$32,500,000

As an opportunity to partner with CCI, and given the potential to generate significant revenue and a positive economic impact, the proposed discount requested for WonderCon is recommended for approval.

ATTACHMENTS:

1. LATCB Discount Request 2016
2. AEG Memo

LOS ANGELES CONVENTION CENTER PRICING DISCOUNT APPROVAL

LOS ANGELES TOURISM REP: Leung
DATE: 2/25/2015

ORGANIZATION

NAME: COMIC CON INTERNATIONAL ID#: 29768
CONTACT: Ms. Fae Desmond TITLE: Executive Director
ADDRESS: 225 Broadway TEL#: 619.414.1020
CITY: San Diego STATE: CA ZIPCODE: 92101

MEETING INFORMATION

NAME OF MEETING: WONDERCON
OVERALL DATES: March 22-28, 2016
ATTENDANCE: 70,000 GUEST ROOMS: 2,200 TOTAL ROOM NIGHTS: 5,160

FINANCIAL PERFORMANCE

RENTAL REVENUE:	<u>\$285,380.00</u>	-	<u>\$142,690.00</u>	=	<u>\$142,690.00</u>
	Basic Rent		Discount		Discounted Rent
TRANSIENT OCCUPANCY:	<u>14%</u>	X	<u>5,160</u>	X	<u>\$150.00</u>
					= <u>\$108,360.00</u>
Tax Revenue (TOT)	TOT		Tot Rm nights		Project Avg Rm Rate
Total City Revenue:	<u>\$142,690.00</u>	+	<u>\$142,690.00</u>	=	<u>\$285,380.00</u>
	Discounted Rent		TOT Revenue		Total City Revenue

Required exhibit space per reservation form: GROSS SQ. FT.: 346000 NET SQ. FT.: 207600

LACC RENTAL RATE

\$72,000.00

\$12,000.00

\$120,000.00

\$20,000.00

\$18,000.00

\$3,000.00

\$13,500.00

\$2,250.00

\$24,630.00

LOS ANGELES TOURISM DISCOUNT RATE

\$142,690.00

WEST HALL AB

ADDITIONAL MOVE-IN/OUT DAYS

SOUTH HALL GHJK

ADDITIONAL MOVE-IN/OUT DAYS

KENTIA HALL _____

ADDITIONAL MOVE-IN/OUT DAYS

CONCOURSE HALL EF

ADDITIONAL MOVE-IN/OUT DAYS

PETREE HALL _____

ADDITIONAL MOVE-IN/OUT DAYS

MEETING ROOM CHARGE:

(Less % Meeting Room Discount)

ADDITIONAL MOVE-IN/OUT DAYS

\$285,380.00

\$142,690.00

REVENUE THROUGH LACC RATE STRUCTURE

REVENUE THROUGH DISCOUNTED LACC RATE STRUCTURE

LACC APPROVAL: Thomas Fields, COO & Assistant General Manager

Date: _____

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

Date: 2/27/15

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

Date: _____



Los Angeles Convention Center

OFFICE MEMORANDUM

DATE: February 27, 2015

TO: Thomas Fields
COO & Assistant General Manager

FROM: Ellen Schwartz

SUBJECT: **WonderCon 2016 - NEW**

A new packet has been submitted by LATCB for WonderCon 2016.

The Projected TOT for the event is \$108,360. The packet requests approval for a total discount of \$142,690. Client will pay 50% of the rental - \$142,690.

We have an exceptional opportunity to host an event that will generate excellent revenue for the facility, provide hotel occupancy and ancillary spend in the downtown area and establish a working relationship with the ComicCon team. This business is especially appealing due to falling over a holiday which is typically a difficult time to book. Additionally, the entire community is participating in putting together an exceptional package – showing the desire to not only host this growing event but putting us in a better position for a chance at ComicCon.

The discount packet is submitted for review and approval.

Thank you.

Los Angeles Convention Center

Background: The re-imagining of the Los Angeles Convention Center to a larger, technologically advanced, modernized, and more desirable meeting destination is underway.

Issue: The potential plan for a combination stadium/convention center has led to referring to an alternative plan without a stadium as “Plan B”

-this unintentionally implies that “Plan B” is an inferior alternative to key stakeholders





Los Angeles Convention Center

Objective: Re-name “Plan B” with the following guiding principles:

- 1) Ensure the new name has literal connotations
 - avoid making stakeholders work to understand it
- 2) Reinforce that this alternative plan is equally desirable
 - it can stand on it's own two feet
- 3) Clearly establish what the impact of the new facility will be
 - clarity for governmental, civic, and residential stakeholders



Los Angeles Convention Center

Suggested Naming Conventions:

1) Next Generation Convention Center

Rationale: Because of the speed in which technology evolves, no convention center is really ever complete. There will always be a new generation of convention center. LA's manifestation is intended to be state-of-art for the next 20-25 years.

2) LACC Expansion Plan

Rationale: Within the industry, the present LACC has a reputation for being too small to host larger conventions. With plans to expand to 1.2M square feet, the new, larger LACC can make hosting more prestigious conventions a reality.

3) LACC Master Plan

Rationale: This implies a larger, intended, superiority claim that the NEW LACC is the centerpiece of a broader economic revitalization plan that includes hotel development, public transportation, and continued build out of “downtown” in the 2nd largest metropolitan market in the country.

Los Angeles Convention Center

Other Considerations:

- 1) “Seeding” this name requires a defining moment to launch it
 - Mayor’s announcement
 - Press release
 - Ground breaking
- 2) A distinct logo/mark can be used as a mnemonic device to reinforce the name
- 3) Depending on which name is chosen, a list of attributes needs to be developed that gives the name both substance and authenticity