



BOARD OF LOS ANGELES DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

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

Regular Meeting
Wednesday, April 1, 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 March 18, 2015
4. Monthly Reports for February 2015
 - a. AEG – Update by Brad Gessner, Sr. VP & General Manager and Keith Hilsen, VP Finance
 - b. LATCB – Sales Update by Darren Green, Sr. VP Sales
 - 2014 Post Convention Survey Results by Wendy Kheel, VP Tourism Insights
5. Name Architecture for Expansion and Futurization Project (Continued to 4/15/15)
6. Proposed Budget for FY 2014-15 Operating Surplus (Board Report 15-005)

AGENDA FORECAST / SPECIAL TOPICS:

- | | |
|----------------|---|
| April 15, 2015 | <ul style="list-style-type: none">- Name Architecture for Expansion and Futurization Project- Expansion and Futurization Update- CIP Update- Hotel Strategy Update |
| May 6, 2015 | <ul style="list-style-type: none">- Monthly Reports for March 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 COMMISSIONERS**

Meeting Minutes
March 18, 2015
9:00 a.m.

The Board of Los Angeles Convention and Tourism Development Commissioners (Board) convened a regular meeting on Wednesday, March 18, 2015 at 9:02 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 F. Vein
Commissioner Nicole Duckett Fricke
Commissioner Stella T. Maloyan
Commissioner Otto Padron

Bud Ovrom, Executive Director –

Los Angeles Department of Convention & Tourism Development (CTD)
Tom Fields, Assistant General Manager & COO – CTD
Diana Mangioglou, Assistant General Manager, Finance & Administration – CTD
Glyn Milburn, Business Team Representative – Office of the Mayor
Natalie Brill, Chief of Debt Management – Office of the City Administrative Officer
Terry Martin-Brown, Assistant City Attorney – Office of the City Attorney
Kimberly Miera, Deputy City Attorney – Office of the City Attorney
Brad Gessner, Sr. Vice President & General Manager – AEG Facilities
Keith Hilsen, Vice President, Finance – AEG Facilities
Ellen Schwartz, Vice President, Sales & Marketing – AEG Facilities
Ernest Wooden Jr., President & CEO –
Los Angeles Tourism and Convention Board (LATCB)
Don Skeoch, Chief Marketing Officer – LATCB
Barbara Kirklighter, Vice President, Revenue Strategy – LATCB
Cristine Villorante, Executive Administrative Assistant – CTD

ABSENT:

Vice President Ray Bidenost

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

Item 2. Public Comment – Ms. Joyce Dillard expressed her concerns and commented on Item 5B, Expansion and Futurization.

Item 3. Approval of Meeting Minutes from March 4, 2015

APPROVED

Moved by: Commissioner Duckett Fricke
Seconded by: Commissioner Padron

Ayes: President Vein, Commissioners Duckett Fricke, Maloyan, and Padron

Nays: None

Item 4. Approval of LATCB Proposed FY 2015-16 Budget (Board Report 15-004)

Ms. Diana Mangioglu presented the LATCB Proposed FY2015-16 Budget and a quick overview of the services that LATCB provides. LATCB is contracted to grow the local economy by promoting the City as a site for citywide conventions, business meetings, and major tradeshow and as a destination of leisure travel. A brief discussion ensued and upon conclusion the budget was approved.

APPROVED

Moved by: Commissioner Padron

Seconded by: Commissioner Duckett Fricke

Ayes: President Vein, Commissioners Duckett Fricke, Maloyan, and Padron

Nays: None

Item 5. Executive Director's Report

CIP

Mr. Tom Fields updated the Board on the CIP projects. All projects have either been completed or are in progress, with the exception of the roof replacement which has been delayed as the selected contractor was unable to meet the City requirements of submitting a performance bond. Another City contractor is currently going through the bid process.

Expansion and Futurization

Mr. Bud Ovrom updated the Board on the expansion and futurization plans. Last week, there was a project report meeting at the Office of the Chief Legislative Officer (CLA). The CTD, CAO, CLA, and the Bureau of Engineering met yesterday to work on a more precise TOS schedule. The City process has begun with anticipated scheduling of department commission meetings and City Council Committee meetings (Economic Development Committee and Budget and Finance Committee) to discuss the expansion plans. The work from the architects is encouraging, but the budget will be a challenge with only \$350 million for construction costs.

Ms. Natalie Brill updated the Board on the financing of the expansion plans. The CAO has requested an appraisal of the LACC. CSL Consulting has been asked to do a study on the economic impact and private use. The CAO has started a Commercial Paper Program and has identified possible financing ideas, but awaits instruction from the Mayor and City Council.

Name Architecture for Expansion and Futurization Project

Mr. Don Skeoch reported that the LATCB's Customer Advisory Board, whose participants comprise of big meeting planners, was given the suggested alternate names at their last meeting and unanimously selected the LACC Master Plan.

Mr. Skeoch also commented that a process name should be selected quickly or Plan B will stick as it is being used by media sources. The permanent name should be elevated to the chosen architect or to a brand identity firm.

Commissioner Padron suggested that rather than going through a metamorphosis of names, why not call it what it will be called in the future so people get accustomed to the name. Commissioner Padron's name suggestion included LA CON, a play on L.A.

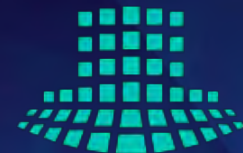
President Vein recommended that the Board give it some more thought, send ideas to Mr. Ovrom, and place the item back on the agenda for the next meeting on April 1, 2015.

ADJOURNMENT

The meeting was adjourned at 10:17 a.m.

Los Angeles Convention Center Monthly Status Report February 2015

Brad Gessner



Los Angeles Convention Center[®]

Managed By 

EMPLOYEE OF THE MONTH – February 2015



Manuel “Alex” Ulloa
Set-up / Conversion

LACC FEBRUARY EVENTS

<u>DATE</u>	<u>EVENT</u>	<u>DAILY</u>	<u>ATTENDANCE</u>
Feb. 2 – 3	Intl. Council of Shoppers	550	1,100
Feb. 6	MusiCares Person Of the Year	3,300	3,300
Feb. 7 – 8	The Fit Expo	35,000	70,000
Feb. 8	Grammy Awards Celebration	6,000	6,000
Feb. 11	Build Expo 2015	2,500	5,000
Feb. 12 – 14	The Light of the World Church Assembly	5,000	14,700
Feb. 13	Naturalization Ceremony	8,500	8,500
Feb. 14	El Sembrador	5,300	5,300
Feb. 19 – 22	The L.A. Boat Show	3,750	15,000
Feb. 19 – 21	Morinda Intl. Leadership Conference	1,200	3,600
Feb. 20 – 22	All Olympia Legends Invitational	800	2,000
Feb. 23 - 27	NeighborWorks Training Institute	2,500	15,000
Feb. 25 – Mar. 2	Ascent Expo	1,000	3,100
Feb. 26 – Mar. 2	Intl. Gem and Jewelry Show	2,000	6,000
Feb. 27 – Mar. 1	Pole Sport Organization	450	1,000
Feb. 28 – Mar. 2	AdultCon L.A.	800	2,000
<u>TOTAL EVENTS: 16</u>		<u>TOTAL ATTENDANCE: 161,600</u>	

LACC FEBRUARY FILMING AND PHOTO EVENTS

<u>Date Generated</u>	<u>Name</u>	<u>Amount</u>
Feb. 2 – 4	Blunt Talk	\$28,605
Feb. 3	Safe Auto	\$4,260
Feb. 9-11	Harman JBL	\$10,500
Feb. 19	Secrets and Lies	\$7,820
Feb. 23	Pepsi	\$5,510
Feb. 23	Infiniti Q50	\$5,800
Feb. 25	Locke Motion	\$2,500
Feb. 26	Audi	\$5,500
TOTAL FILMING:		<u>\$70,495</u> ⁴

LACC February 2015 Financials –\$609K above budget for February; \$1.2 million above budget YTD

REVENUES – February \$1.95 million; YTD \$16.78 million
\$597K above February budget; \$1.4 million above YTD budget

- Rental Income - February \$723K (\$153K in rental discounts); YTD \$5.3 million
 - \$211K above February Budget ; \$534K above YTD Budget
- Food & Beverage – February \$(36)K; YTD \$1.0 million
 - \$92K below February Budget; \$398K below YTD budget
- Utilities Revenue – February \$198K; YTD \$2.3 million
 - \$113K above February budget; \$76K above budget YTD
- Parking Revenue – February \$897K; YTD \$6.2 million
 - \$302K above February budget; \$624K above YTD
- Other (Event Billing, Communications, A/V, Cell Towers, and Sponsorship) – February \$169K; \$1.9 million YTD
 - \$65K above budget February; \$579K above YTD

EXPENSES – \$1.78 million in February ; \$15.35 million YTD

- \$11K below February budget; \$206K above YTD

- Wages Salaries and Benefits - \$794K in February; \$6.7 million YTD
 - \$72K below February budget; \$399K below YTD Budget
- Other Expenses - \$982K in February; \$8.7 million YTD
 - \$60K above February budget; \$604K above YTD

LOOKING FORWARD

- WonderCon Press Release

AEG-LACC
Revenue Expense by Category - Revenue Expense
From 02/1/2015 Through 02/28/2015

(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	876,708	640,789	235,919	7,420,128	6,990,378	429,750	10,810,952	(3,390,824)	(31)%
Discounts	(153,030)	(127,919)	(25,111)	(2,089,589)	(2,194,231)	104,642	(4,667,699)	2,578,110	(55)%
Total Rent	723,678	512,870	210,808	5,330,540	4,796,148	534,392	6,143,254	(812,714)	(13)%
Food and Beverage									
Food and Beverage Sales	782,813	720,000	62,813	8,806,631	8,466,435	340,196	12,679,987	(3,873,356)	(31)%
Food and Beverage Expenses	(818,469)	(663,218)	(155,251)	(7,785,818)	(7,047,411)	(738,407)	(10,474,041)	2,688,223	(26)%
Total Food and Beverage	(35,656)	56,782	(92,437)	1,020,813	1,419,024	(398,210)	2,205,946	(1,185,133)	(54)%
Utility Services									
Utility Sales	441,155	230,994	210,161	6,779,078	5,954,249	824,830	10,073,070	(3,293,992)	(33)%
Service Provider Share	(243,603)	(146,058)	(97,544)	(4,467,745)	(3,718,381)	(749,364)	(6,444,076)	1,976,331	(31)%
Total Utility Services	197,552	84,936	112,616	2,311,333	2,235,867	75,466	3,628,994	(1,317,661)	(36)%
Parking receipts (net of sales tax)	897,357	595,589	301,768	6,195,485	5,571,403	624,083	8,502,187	(2,306,701)	(27)%
Telecommunications									
Telecommunications Sales	130,141	101,700	28,441	1,942,622	1,543,042	399,580	2,749,127	(806,505)	(29)%
Service Provider Share	(84,655)	(66,105)	(18,550)	(1,233,619)	(1,002,977)	(230,641)	(1,786,933)	553,314	(31)%
Total Telecommunications	45,486	35,595	9,891	709,003	540,065	168,939	962,194	(253,191)	(26)%
Audio / Visual									
Audio Visual Sales	23,271	45,925	(22,654)	250,589	417,357	(166,768)	687,730	(437,141)	(64)%
Service Provider Share	(22,015)	(34,453)	12,438	(142,608)	(314,941)	172,333	(437,730)	295,121	(67)%
Total Audio / Visual	1,256	11,472	(10,216)	107,981	102,416	5,565	250,000	(142,019)	(57)%
Event Billing	74,924	16,500	58,424	667,998	368,770	299,228	620,445	47,553	8 %
Cell Towers	36,217	32,152	4,064	311,772	255,537	56,235	384,855	(73,083)	(19)%
Advertising and Sponsorship	9,000	4,167	4,833	73,188	47,533	25,654	249,500	(176,312)	(71)%
Other Income	3,178	4,950	(1,772)	60,874	38,350	22,524	59,189	1,686	3 %
Total Revenue	1,952,991	1,355,012	597,979	16,788,987	15,375,111	1,413,876	23,006,563	(6,217,576)	(27)%
Expenses									
Personnel									
Salaries and Wages Full Time	532,663	566,691	34,028	4,388,629	4,591,087	202,458	7,252,977	2,864,348	39 %
Salaries and Wages Part Time	70,803	84,442	13,639	634,623	675,535	40,912	1,016,893	382,270	38 %
Parking Labor	60,679	59,969	(710)	516,509	566,783	50,274	864,016	347,506	40 %
Overtime	11,034	16,227	5,193	190,950	129,814	(61,136)	195,080	4,130	2 %
Payroll Taxes	44,784	54,403	9,618	359,316	435,221	75,905	652,832	293,516	45 %
Fringe Benefits	73,315	78,565	5,250	547,593	628,622	81,028	944,747	397,153	42 %
Workers Comp	850	5,922	5,072	38,212	47,373	9,162	71,060	32,848	46 %
Total Personnel	794,128	866,218	72,090	6,675,832	7,074,434	398,603	10,997,604	4,321,772	39 %
Operating Expenses									
Event Expenses	109,470	49,866	(59,603)	843,893	428,787	(415,106)	674,935	(168,958)	(25)%
Staples Bond Share	83,333	83,333	0	666,667	666,667	0	1,000,000	333,333	33 %
Printing and Binding	3,659	4,895	1,236	45,168	45,228	59	62,130	16,961	27 %
Contracted Services	262,207	259,347	(2,860)	2,330,539	2,269,632	(60,906)	3,289,019	958,480	29 %
Field Equipment	12,229	6,563	(5,666)	121,598	85,504	(36,094)	102,718	(18,880)	(18)%
Maintenance Supplies	26,898	13,250	(13,648)	179,734	98,000	(81,734)	138,000	(41,734)	(30)%
Transportation Reimbursement	1,077	1,152	75	7,915	9,213	1,298	13,819	5,905	43 %
Parking Expenses	45,918	82,492	36,574	341,591	363,482	21,891	574,320	232,728	41 %
Utilities	340,233	310,689	(29,544)	3,446,182	3,327,274	(118,908)	4,841,146	1,394,964	29 %
Office and Administration	16,987	22,600	5,613	48,223	45,800	(2,423)	56,200	7,977	14 %
Operating Supplies	49,257	24,417	(24,840)	195,609	196,980	1,372	294,647	99,038	34 %
Modification and Repairs	1,906	1,500	(406)	38,243	12,000	(26,243)	18,000	(20,243)	(112)%
Advertising and Promotion	3,014	23,712	20,698	66,217	200,697	134,480	292,443	226,227	77 %
Uniforms	0	1,000	1,000	18,596	8,000	(10,596)	12,000	(6,596)	(55)%
Recruiting	307	417	109	3,151	3,617	466	5,283	2,132	40 %
Employee Welfare	253	2,800	2,547	46,591	46,495	(96)	49,345	2,754	6 %
Insurance	6,123	14,160	8,037	90,951	109,249	18,299	169,391	78,440	46 %
Start-up Expenses	0	0	0	28,710	0	(28,710)	0	(28,710)	0 %
Management Fee	14,846	15,471	626	118,767	121,969	3,203	364,105	245,338	67 %
Depreciation Expense	4,862	4,167	(696)	37,717	33,333	(4,384)	50,000	12,283	25 %
Total Operating Expenses	982,579	921,830	(60,749)	8,676,061	8,071,928	(604,133)	12,007,501	3,331,440	28 %
Total Expenses	1,776,706	1,788,048	11,341	15,351,892	15,146,362	(205,531)	23,005,105	7,653,213	33 %
Net Income (Loss)	176,284	(433,036)	609,320	1,437,095	228,750	1,208,345	1,458	1,435,637	98,450 %

CTD Board of Commissioners Meeting

April 1, 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	152
FY 13/14 STLY	139

Booked Room Nights Produced	RNs Actual
FY 14/15 Goal	351,000
FY 14/15 YTD	247,435
FY 13/14 STLY	95,882

Sales Pipeline- Future Years

- YTD 14/15 **104 Prospects**, representing **1,226,036 room nights**
- STLY 13/14 **140 Prospects**, representing **1,897,858 room nights**

Dated March 25, 2015

Citywide Convention Sales

158% YTD Booking Increase Compared to STLY

Reasons for FY 14/15 Booking Acceleration

- Average Booking Size Increased
 - YTD 9,500 RNs vs. STLY 6,900 RNs
- More Multi-Year Bookings
 - 5 Adobe Max Bookings
 - 3 Academy of Pathology Bookings
- Conversion of Short Term Opportunities
 - 20 YTD Bookings from Current Year Prospects
 - 6 STLY Bookings from Last Year Prospects

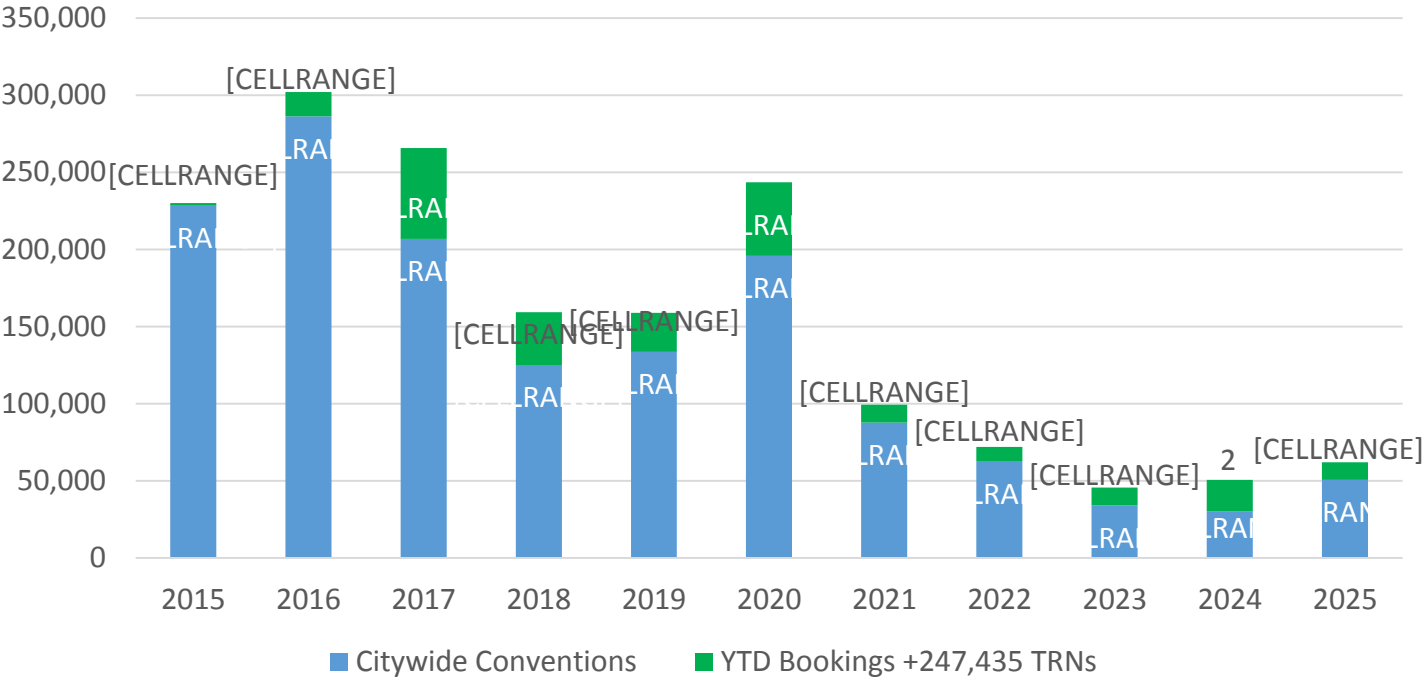


March 2015 Citywide Bookings – 44,587 TRNs

Event	Meeting Dates	Booked RNs
United Spirit Association	03/12/2016 - 03/13/2016	6,310
Ad:Tech	05/11/2016 - 05/12/2016	3,180
Dassault- SOLIDWORKS	02/03/2018 - 02/07/2018	13,200
Project Management Institute	10/04/2018 - 10/09/2018	7,715
Government Finance Officers Association	05/16/2019 - 05/22/2019	14,182
Total March Bookings		44,587
Hewlett Packard- GPC 2016 (CANCELLATION)	05/16/2016 - 05/19/2016	-11,424
Total NET March Bookings		33,163

Dated March 25, 2015

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



March 2015

Citywide Prospect Site Inspections- 66,795 TRNs



July 2026
14,295 TRNs

Site Date: March 2-3



June 2021
52,500 TRNs

Site Date: March 2-3



2014 LACC Post-Convention Survey Results



Los Angeles
TOURISM & CONVENTION BOARD

Prepared by
Event Survey Group | 1128 11th St. STE. 206 | Santa Monica, CA 90403

Methodology

Beginning in January, 2014, each meeting planner for a citywide convention held in the LACC was asked to complete a post-convention online survey in order to assess meeting planners' satisfaction and obtain data needed for economic impact estimates.

- 19 completed surveys were received out of the 24 surveys distributed, a 79.2% response rate.
- Incentives to complete the survey included \$20 and \$25 Amazon gift cards.

Non-Respondents

Q1	<i>Junior National Qualifiers, SCVA-Southern California Volleyball Association</i>
Q3	<i>ANIME 2014, Society for the Promotion of Japanese Animation</i>
Q3	<i>Annual Conference, National Council of La Raza</i>
Q3	<i>2014 Annual Convention, Global Business Travel Association</i>
Q4	<i>2014 Annual Fall Convention, Audio Engineering Society - AES</i>

Respondents rated their experiences using a balanced 5-point scale where “1” is considered “poor” and “5” is “excellent.” The results are presented in averages.

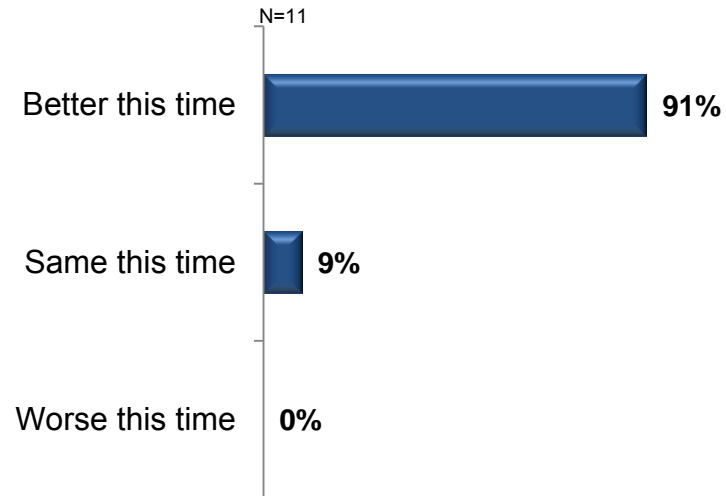
“Excellent”	5.0 - 4.6
“Good”	4.5 - 3.6
“Average”	3.5 – 2.6
“Below Average/Poor”	Below 2.6

Los Angeles Experience Compared to Last L.A. Visit

74 percent of meeting planners indicated that they had held their meeting/convention in Los Angeles before.

- Nine out of ten (91%) said their experience in L.A. was better this time compared to the last time their meeting/convention was held L.A.

Q: How did the experience in Los Angeles this time compare to the last time the meeting/convention was held in Los Angeles?

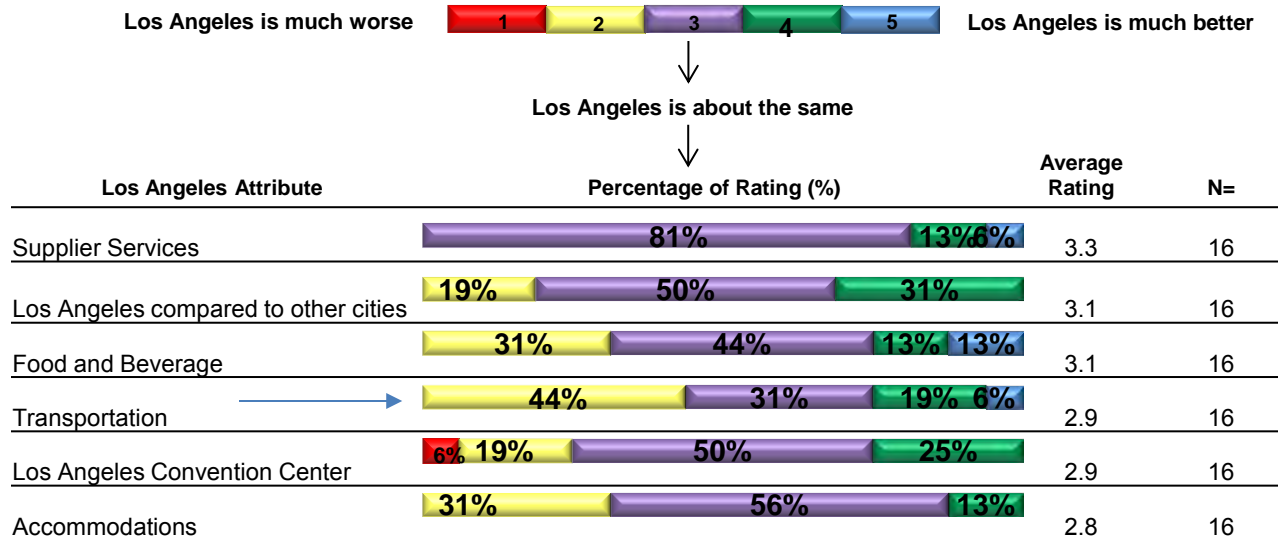


Attribute Comparison: Los Angeles Compared to Other Cities

Overall, meeting planners who have held their meeting/convention in the last three years in cities other than Los Angeles rated their 2014 experience in Los Angeles “about the same” compared to other cities’ key attributes.

- **Transportation** is the exception with 44% rating it “somewhat worse” than other cities.

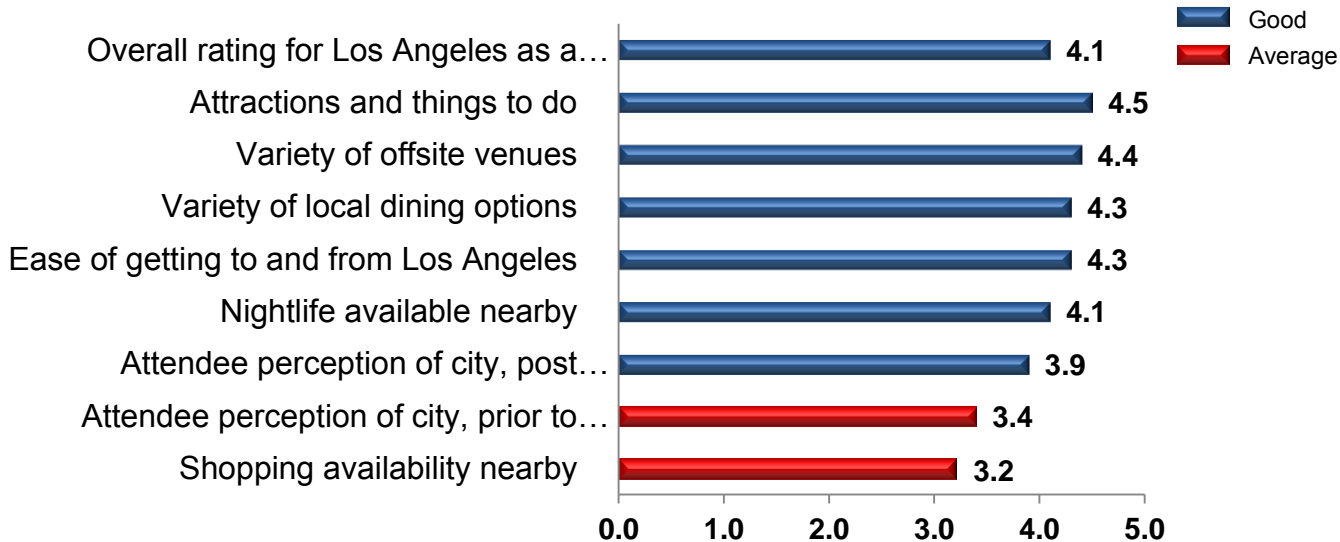
Q: How does [attribute] in the Los Angeles area compare to other cities where you have held this convention in the last three years?



2014 Host City Ratings

As a Host City, Los Angeles rates “good” (4.1) with the highest ratings for **Attractions and Things to Do**, **Variety of Offsite Venues**, and **Variety of Local Dining Options**.

- Ratings for **Nearby Shopping** lag other Host City ratings, though **Nearby Shopping** still rates about average overall.
- Meeting planners believe that **Attendee Perception of L.A.** increases after the event experience.

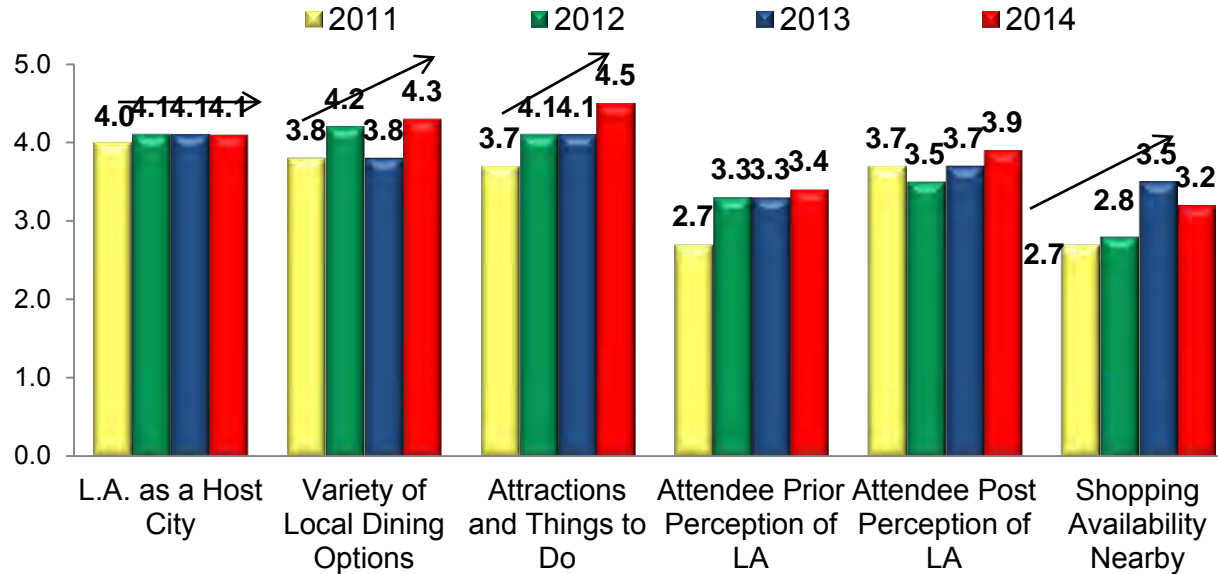


Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6

Year-Over-Year (YOY) Host City Ratings: 2011 - 2014

The overall rating for Los Angeles as a Host City is relatively unchanged since 2011.

- However, the YOY comparison indicates that during the past four years, perceptions of the city's **Variety of Local Dining Options**, **Variety of Attractions**, and **Nearby Shopping Availability** have improved.

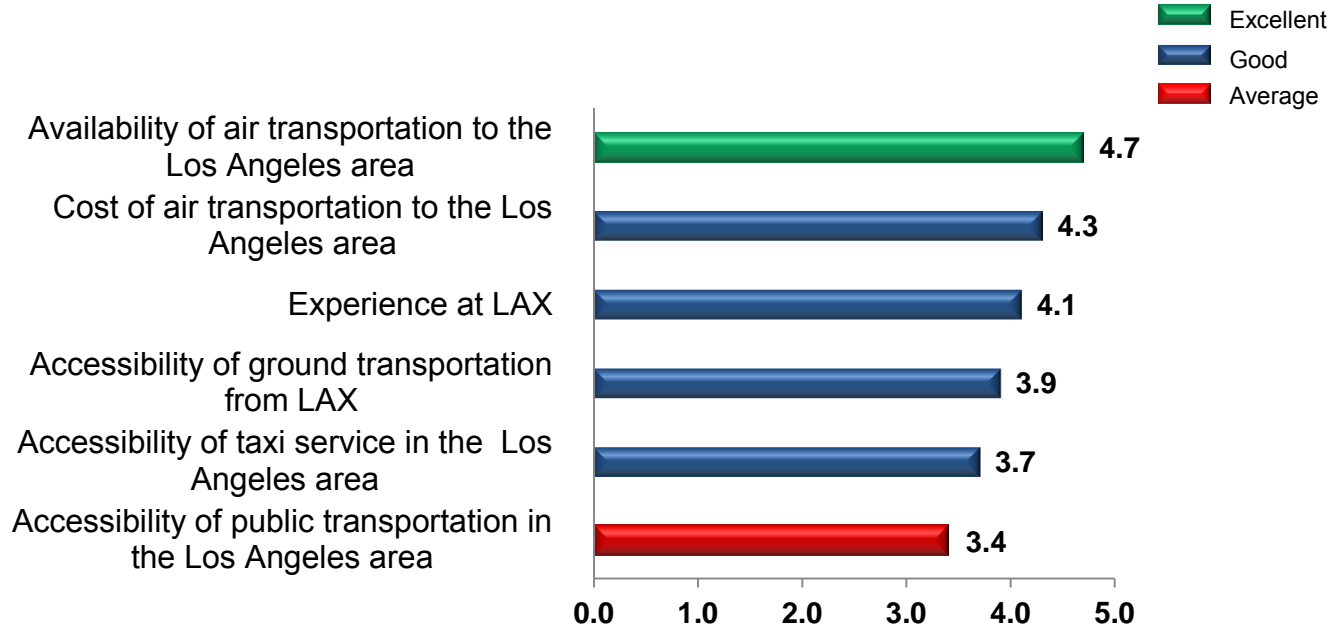


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2014 Transportation Ratings

Availability of Air Transportation is rated “excellent” by meeting planners.

- The “excellent” rating indicates Los Angeles delivers on meeting planners’ core need for air transportation accessibility (air transport accessibility highly influences the decision to hold meetings/convention in Los Angeles).

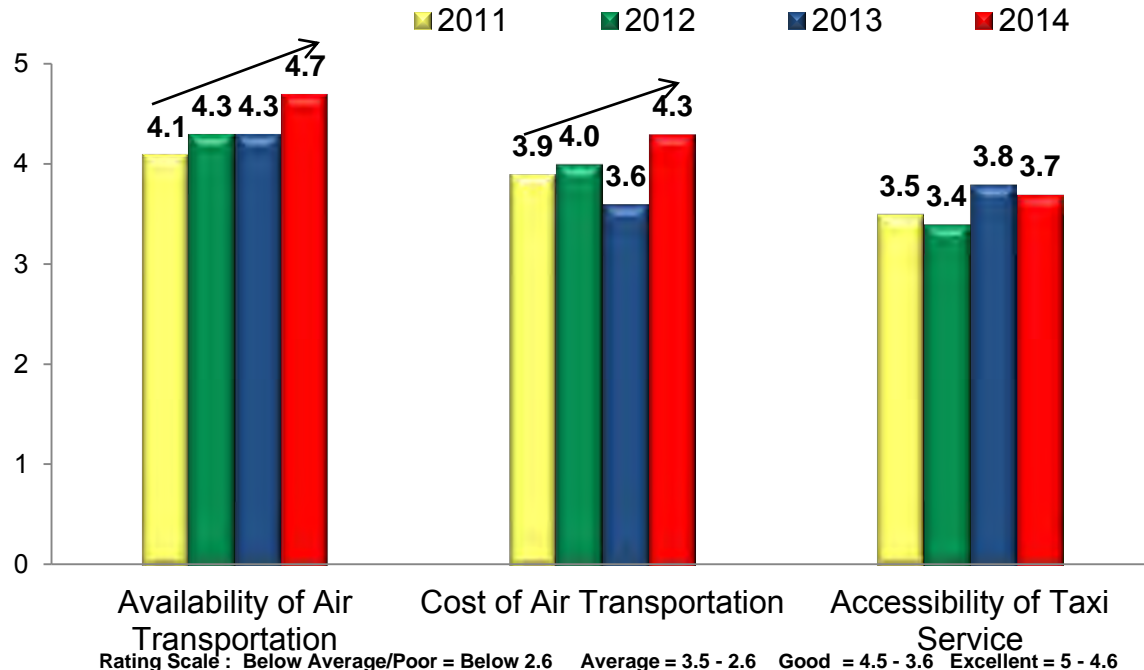


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YOY Transportation Ratings: 2011 - 2014

Availability of Air Transportation is a key strength for Los Angeles and meeting planner ratings have increased since 2011.

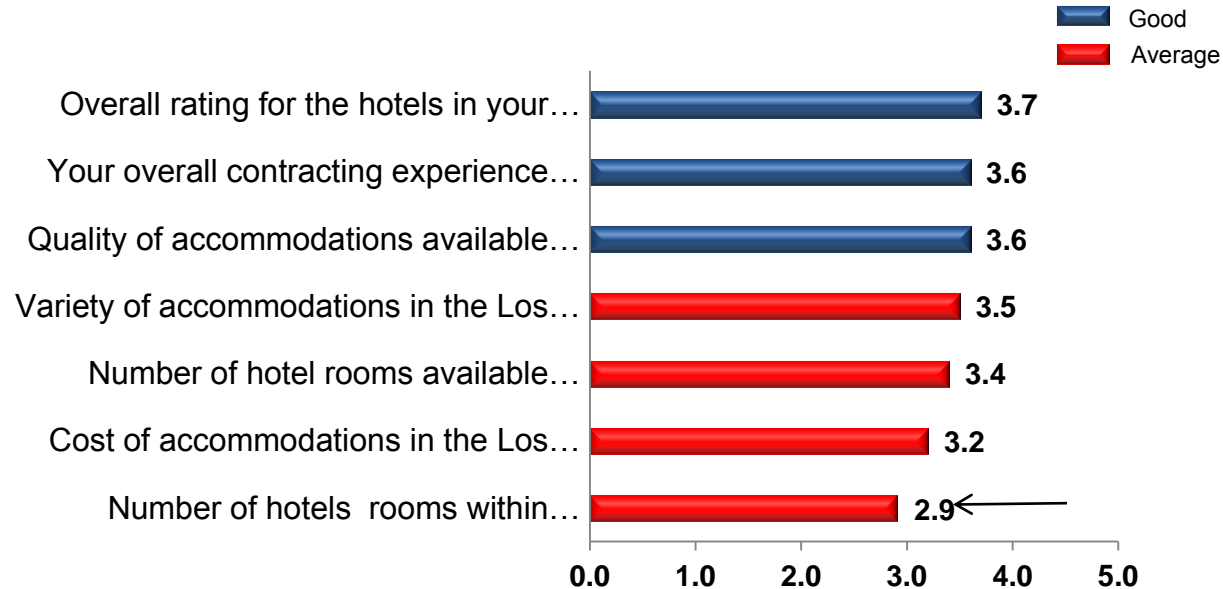
- Ratings for **Cost of Air Transportation** have also increased since 2011, despite a dip in the 2013 ratings.



2014 Accommodation Ratings

The **Number of Hotel Rooms within Walking Distance** of the Los Angeles Convention Center is a weak spot compared to other Los Angeles accommodation ratings.

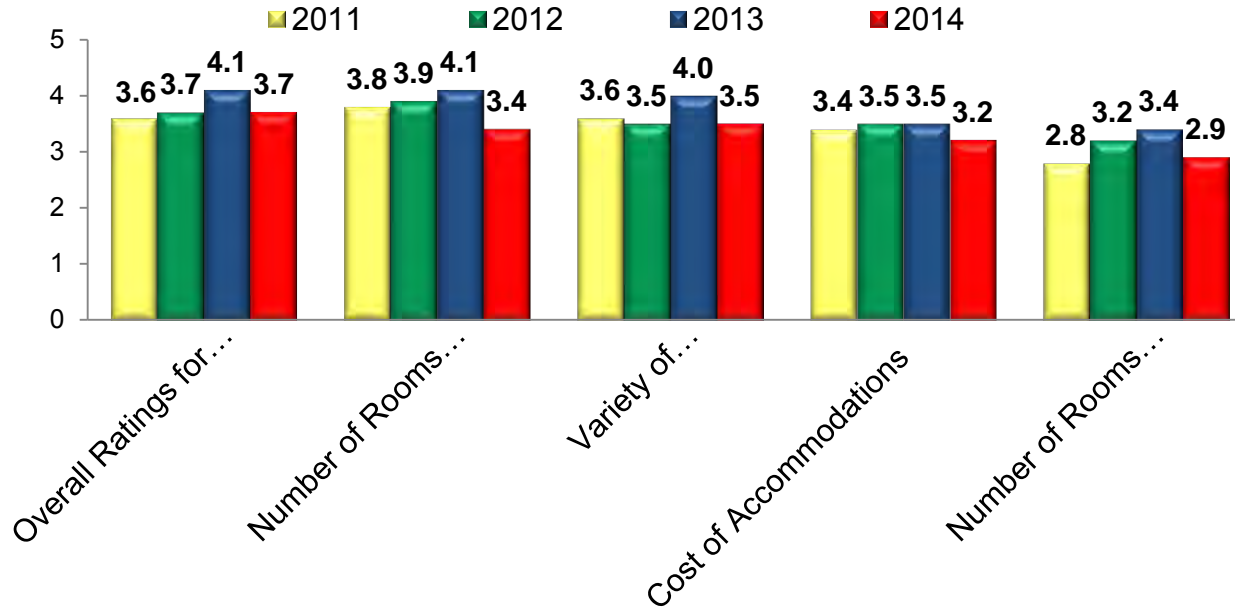
- **Hotel Services** and **Quality** are rated higher than the **Cost** and **Supply of Rooms**.



Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6

YOY Accommodation Ratings: 2011 - 2014

Accommodation ratings have decreased compared to 2013 (blue bar) in each Accommodations category.

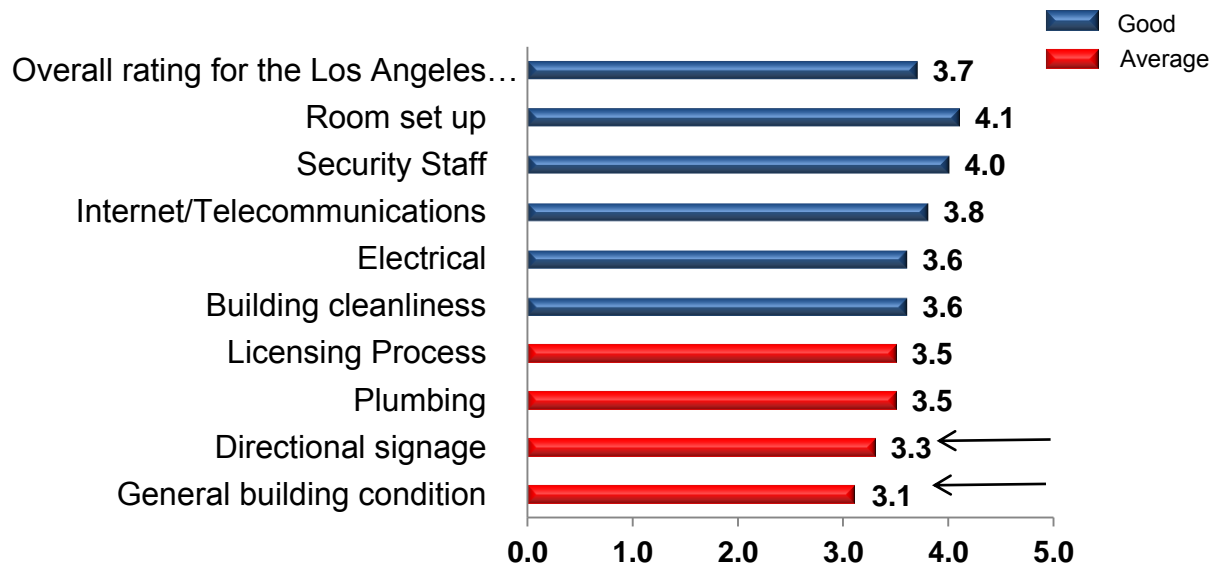


Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6

2014 Los Angeles Convention Center Ratings

Overall, the LACC was rated “good” by meeting planners in 2014.

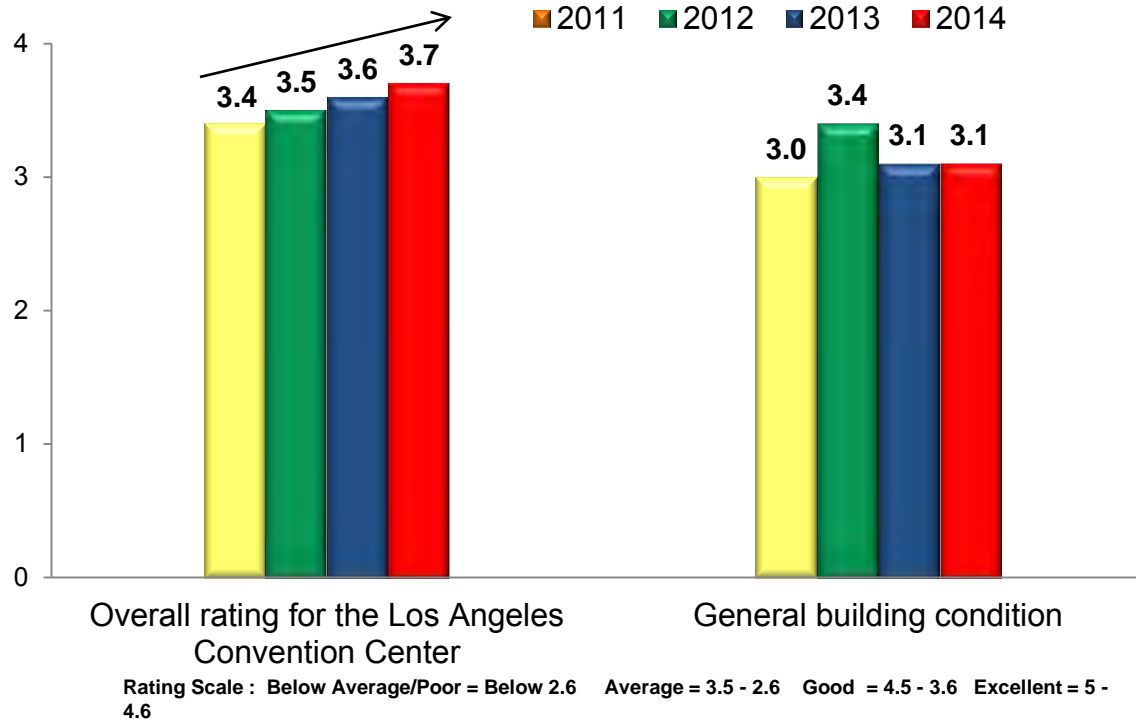
- Specific services such as **Room Set Up**, **Security Staff**, and **Internet/Telecommunications** received the highest ratings.
- **General Building Condition** and **Directional Signage** rated lowest.



Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6

YOY Los Angeles Convention Center Ratings: 2011 - 2014

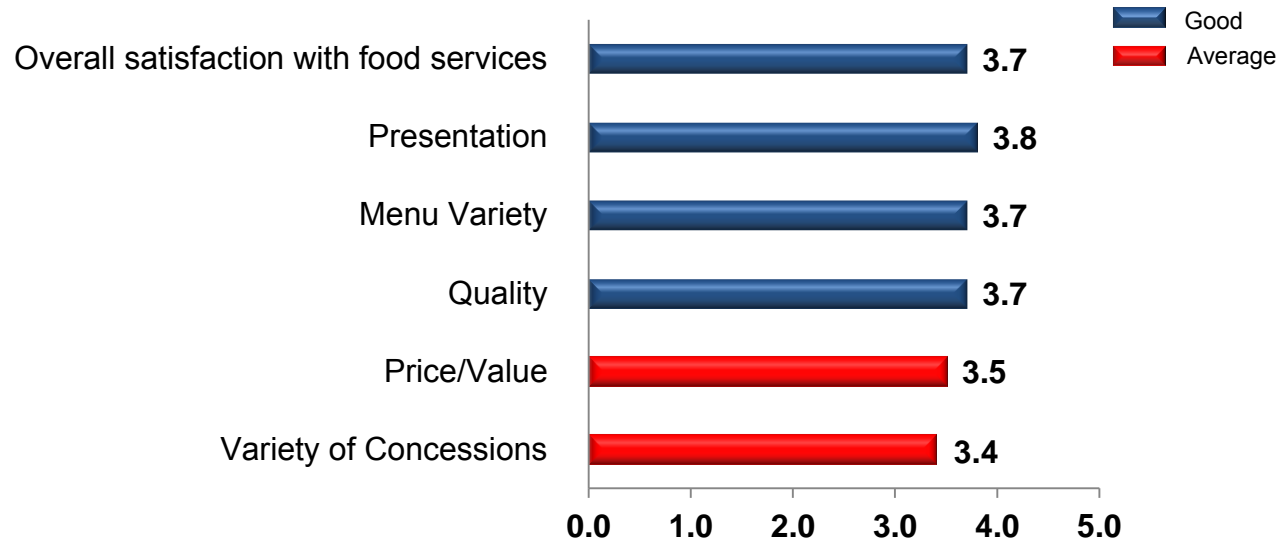
The overall rating for the Los Angeles Convention Center has increased each year since 2011 and was rated “good” by meeting planners in 2014.



2014 Los Angeles Convention Center Food & Beverage Ratings

Each component of Food & Beverage rated “average” or better.

- **Food & Beverage Quality, Menu Variety, and Presentation** each received ratings of 3.7 or higher – a range considered “good” while **Price/Value** and **Variety of Concessions** were rated as “average.”

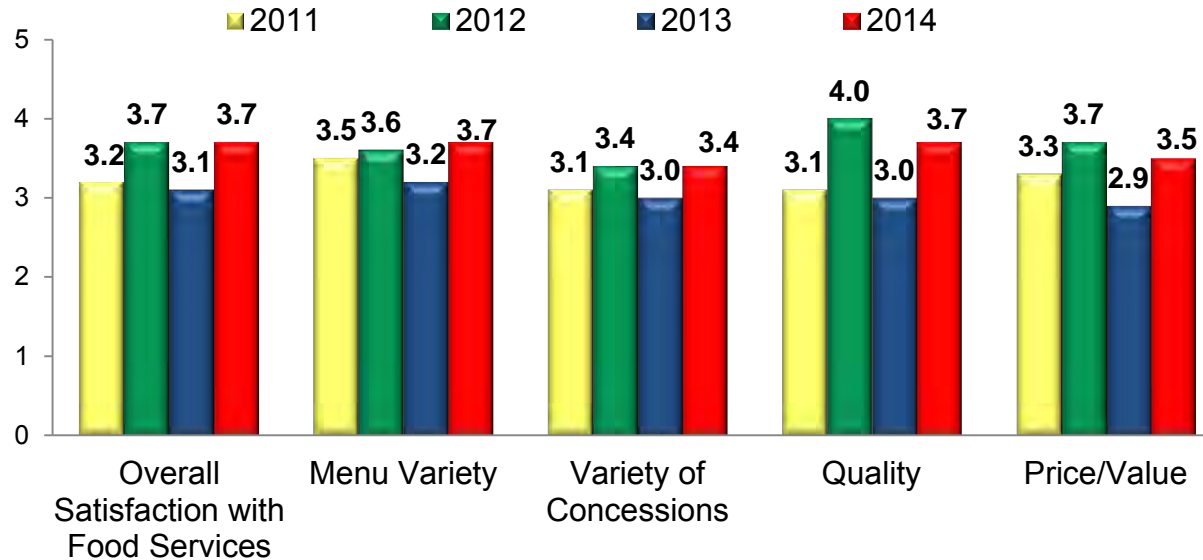


Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6

YOY Los Angeles Convention Center Food & Beverage Ratings

All of the Food & Beverage ratings have improved compared to last year's ratings (blue bar) and fall into the "average" range.

- Prior to 2014, the food services at LACC were provided by Aramark. Levy Restaurants took over in 2014.

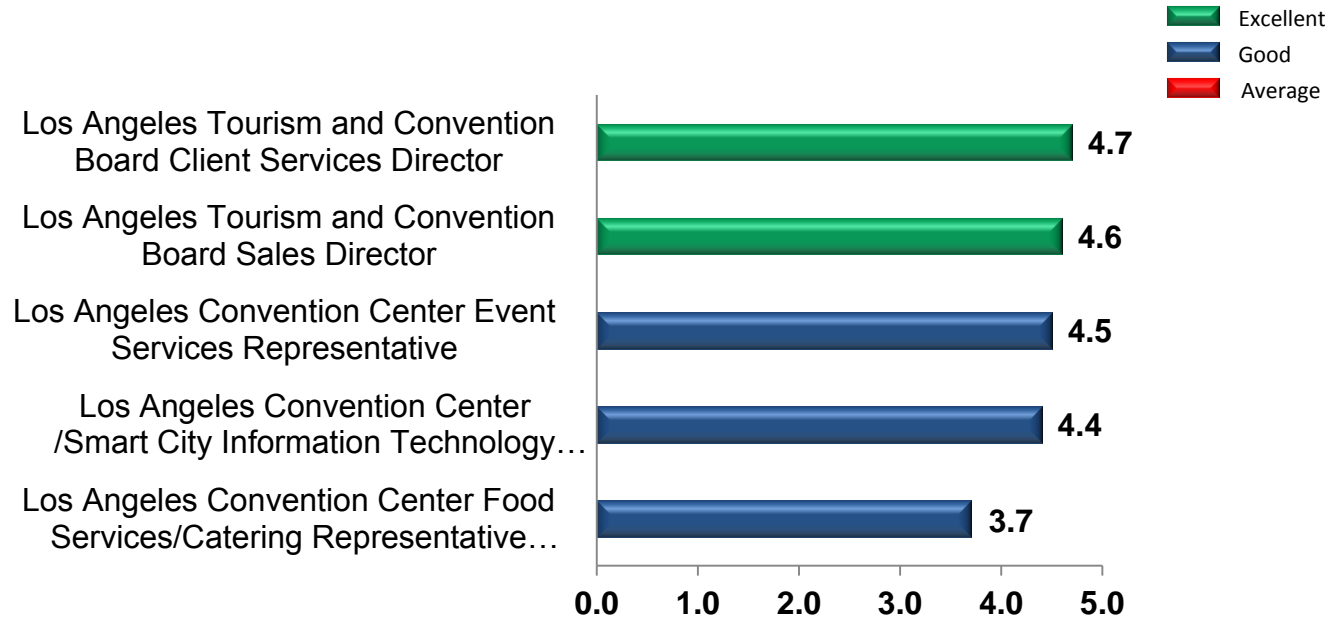


Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6

2014 Staff Ratings

Overall, staff ratings are among the highest ratings given by meeting planners relative to their experience in Los Angeles.

- **L.A. Tourism Client Services Director** and **Sales Director** were each rated “excellent.”
- **The LACC Event Services, Smart City Information Technology & Telecom** and **Food Services/Catering Representatives** were each rated “good”.

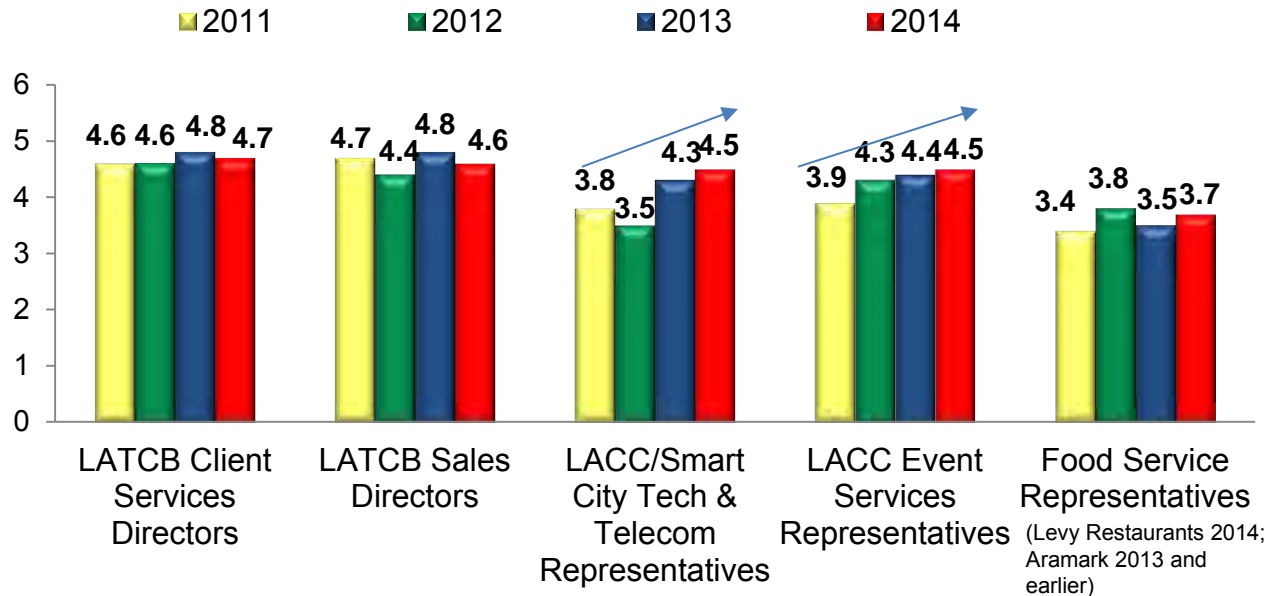


Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6

YOY Staff Ratings: 2011 - 2014

LATCB Client Services Directors and **LATCB Sales Directors** have maintained “excellent” ratings Year-Over-Year while ratings for the **Technology & Telecommunication** and **LACC Event Services Representatives** have improved since 2011.

- Though improved compared to last year’s ratings and compared to 2011, the **Food Services Representatives** ratings continue to be the lowest staff ratings.



Rating Scale : Below Average/Poor = Below 2.6 Average = 3.5 - 2.6 Good = 4.5 - 3.6 Excellent = 5 - 4.6












Los Angeles 2014 Visitation

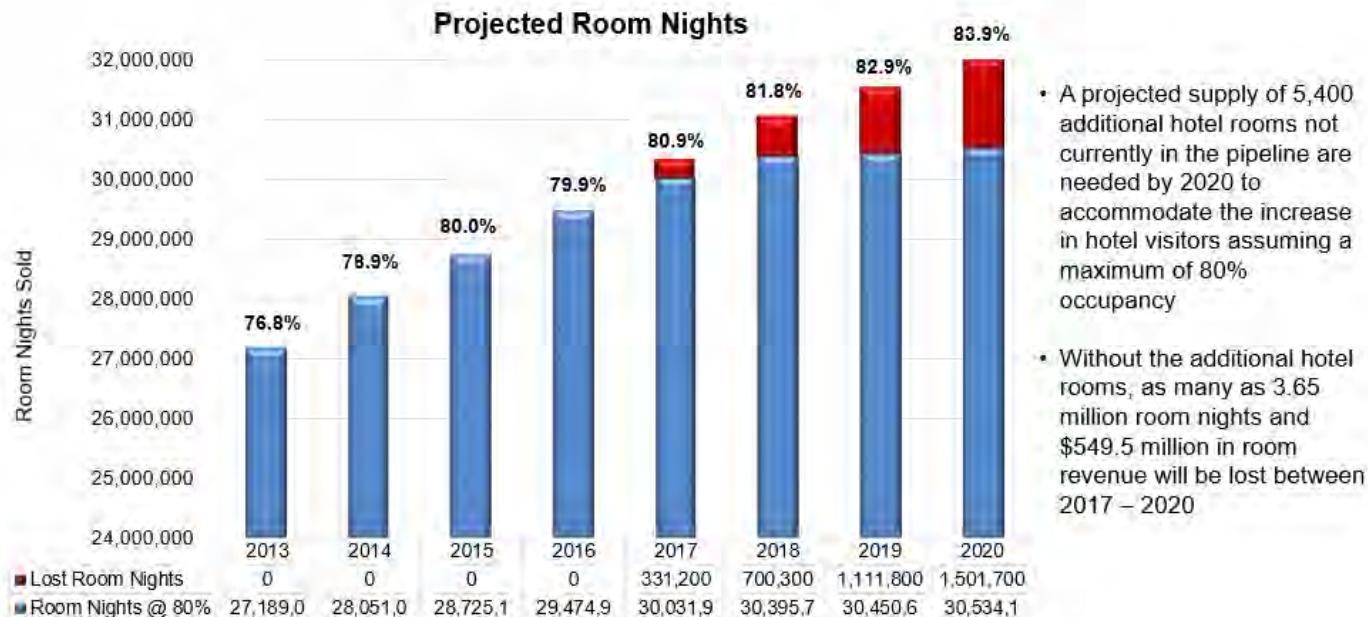


U.S. Visitation vs. L.A. Actual and Forecasted Visitation

- L.A. visitor growth rates in 2014 exceeded U.S growth rates as reported by U.S Travel Association in all market segments (blue arrows)
- L.A. outperformed the September 2013 forecast for 2014 in all market segments (green arrows)

Growth Rates		Total International Visitors	Total Overseas Visitors	Total Domestic Visitors	Domestic Leisure	Domestic Business
U.S. 2014 Forecast (October 2014)	United States	+3.5%	+5.3%	+2.2%	+2.3%	+1.6%
L.A. 2014 Actual (December 2014)	Los Angeles	+5.6% 	+7.6% 	+2.5% 	+3.0% 	+2.2% 
L.A. 2014 Forecast (September 2013)	Los Angeles	+3.2% 	+3.9% 	+1.8% 	+1.9% 	+1.8% 

“Road to 50 Million” Occupancy vs. Room Supply



Additional Rooms Needed for 80% Occupancy	1,130	1,270	280	2,750
Forecasted ADR (\$)	\$145.52	\$146.08	\$150.46	\$154.98
Lost Room Nights at 80% Occupancy	331,200	700,300	1,111,800	1,501,700
Lost Room Revenue (In Millions \$)	\$47,202,624	\$102,299,824	\$167,281,428	\$232,733,466

Thank You

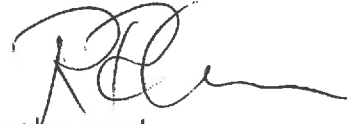


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: April 1, 2015

TO: Board of Los Angeles Department of Convention and Tourism Development
Commissioners

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



SUBJECT: **2014-15 OPERATING SURPLUS – BOARD REPORT # 15-005**

SUMMARY

On March 17, 2015, AEG Facilities, the operator of the Los Angeles Convention Center, reported a projected surplus of \$1.3 million for the 2014-15 Fiscal Year due to high revenue projections. As such AEG Facilities is proposing that a portion of the surplus (\$800,000) be authorized for "Alterations and Improvements" and that the remainder (\$500,000) be set aside in a reserve account. The Department of Convention and Tourism Development (CTD) approves the proposed expenditure plan for \$1.3 million as defined in the CTD Department's response to AEG Facilities.

RECOMMENDATION

No action is required by the Board as this report is informational only. It is recommended that the report be received and filed.

RO:dm

ATTACHMENTS:

1. CTD Response Letter to AEG
2. AEG Memo
3. AEG FY 14-15 Financial Report

CITY OF LOS ANGELES

CALIFORNIA

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

ROBERT R. "BUD" OVROM
EXECUTIVE DIRECTOR

1201 S. FIGUEROA STREET
LOS ANGELES, CA 90015
(213) 741-1151
FAX (213) 765-4441
TTY (213) 763-5077

April 1, 2015

Brad Gessner
Sr. Vice President and General Manager
Los Angeles Convention Center
1201 S. Figueroa Street
Los Angeles, California 90015

Dear Mr. Gessner:

Thank you for your letter dated March 17, 2015 (Attachment) regarding a \$1.3 million operating surplus due to higher revenue projections, and your proposed expenditure plan for the surplus. According to the attached the Los Angeles Convention Center, managed by AEG Facilities (AEG), is proposing that a portion (\$800,000) of the \$1.3 million be budgeted for special projects defined as "Alterations and Improvements" and the remaining amount (\$500,000) be transferred to an account that AEG Facilities will create for the purposes of building a reserve.

In accordance to Section 6.4(c)(iii) of the Management Agreement between the City and AEG, expenditures shall be authorized if approved by the Executive Director " . . . to be expended from any revenues received in excess of the projected revenues in the Approved Annual Operating Budget which are not needed for payment of projected or actual expenses for the Agreement Year." AEG Facilities has identified \$1.3 million in excess revenues for Fiscal Year 2014-15, which is not required for planned expenses of the 2014-15 Agreement Year. As such, the request to spend \$1.3 million based on your attached proposal is approved as discussed below.

Alterations and Improvements (\$800,000)

AEG Facilities has identified projects and project costs in the amount of \$478,500. The Convention Tourism and Development (CTD) Department approves the proposed expenditures in the table below. Upon receipt of an expenditure plan for the remaining \$321,500, the CTD Department will review and consider it for approval. The CTD Department also authorizes AEG Facilities to administer these projects and equipment purchases in consultation and collaboration with designated CTD Department staff.

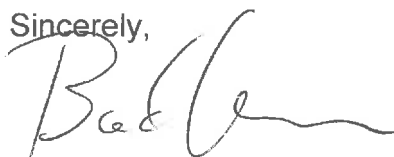
	Description	Estimated Cost
1.	Replacement of Administrative Office Carpet	\$135,000
2.	Proximity Lock Access Control for South Hall Office H&J, South Hall Room 305, West Hall Rooms 508 and 509	24,000
3.	South Hall Compass Café Concession Stand Fryer	22,000
4.	South Hall Kitchen Fryer	27,500
5.	Double Deck Convection Oven	55,000
6.	Skillet Tilting	55,000
7.	Trash Receptacles	50,000
8.	Repair to South Hall air-wall (operable wall)	15,000
9.	CMS Electronic Message Boards	30,000
10.	Window Washing Ladders and Platforms	65,000
TOTAL		\$478,500

Reserve (\$500,000)

In accordance to Section 6.4(b)(i) the LACC Board shall request that the City Council appropriate as part of the LACC Department Budget, a sum equal to ten percent of the Approved Annual Operating Budget as a reserve fund. As such, the LACC Board approved a budget request including a ten percent reserve as described above, which was submitted on its behalf by the CTD Department for consideration as part of the 2014-15 Budget process. The 2014-15 Adopted Budget did not include a General Fund appropriation for this purpose. As such, AEG Facilities has proposed setting aside Operating Revenues, when available to build this reserve. This includes setting aside \$500,000, if available, from the projected \$1.3 million surplus. The funds for the reserve will be set aside in an account separate from the LACC Operating Account, which will be managed by AEG.

We look forward to receiving additional information on your request as it relates to the remaining \$321,500. Please let me know if you have any questions regarding this matter.

Sincerely,



Robert R. "Bud" Ovrom

RO:DM
Exec. Ref. 15-041

ATTACHMENT

CC: Keith Hilsgen
Tom Fields



March 17, 2015

Mr. Robert R. "Bud" Ovrom
Executive Director
Los Angeles Department of Conventions and Tourism Development
1201 S. Figueroa Street
Los Angeles, California 90015

Dear Mr. Ovrom:

We have been working on a reforecast of our fiscal year 2015 (FY15) operations and are excited to share with you and the Convention and Tourism Department (CTD) that we currently anticipate finishing FY15 with an operating profit in excess of \$1.3 million. We have attached the forecast showing projected results for the remainder of the year.

Based on our prior communication and your direction, we will plan to use \$500K of this operating profit toward building the LACC Reserve fund. As you know, the Management and Operating Agreement between AEG Management LACC, LLC and the City of Los Angeles under Section 2.4 lists under "City Responsibilities" that the LACC Board shall annually request an appropriation from the City Council in the amount of 10% of the approved annual operating budget to serve as the LACC reserve fund. As this reserve has not been funded by the City, we will continue to build the reserve from our operating profits.

With the additional \$800K in operating profit we are requesting your authorization to perform the following special projects under "Alterations & Improvements" which will improve the facility and enhance the Convention Center guest experience. Some of the projects below are, by definition of the management agreement, Capital Improvements or Capital Equipment.

Capital improvements are defined as any and all building additions, alterations, renovations, repairs and improvements to the LACC with an initial dollar cost of not less than \$25,000.00 per project. Capital Improvements do not include routine maintenance and repair projects which in the aggregate do not exceed \$25,000.00 per project.

Capital equipment is defined as any and all furniture, fixtures, machinery and equipment to be utilized for the operation of the LACC, either additional or replacement, having a per-item original cost of \$5,000.00 or more, or an expected useful life of more than one year (provided any series of repairs, replacements or purchases that would ordinarily be considered a single project or would ordinarily be effected by entering into a single contract shall be considered a single cost item for purposes of determining whether it is Capital Equipment).

Per section 2.2 (k) of the management agreement the City of LA is responsible for the performance of all Capital Improvements projects, unless otherwise agreed by the City of LA and AEG Management LACC, LLC. We are requesting authorization for AEG to administer these capital projects and equipment purchases, with your department's involvement and final approval of each.

Below and on subsequent pages include a list of proposed projects, justification of the project, estimated cost, and expense category (i.e. Capital Equipment, Capital Improvements, or Operating Expense). With your approval we would like to move forward with the following:

- 1) Replacement of Administrative office Carpet
 - a. Estimated Cost: \$135,000
 - b. Expense Category: Capital Improvement
 - c. Justification: Current carpet in the administrative offices of the Los Angeles Convention Center is over 23 years old. The standard useful life for carpet is 7-10 years. Replacement of the carpet will provide a modern professional look to the administrative offices which will improve the marketability of the Convention Center. This purchase was also included in the CIP submission in October 2014.
- 2) Proximity Lock Access control for South Hall Show Office H & J, South Hall Room 305, West Hall room 508 and 509
 - a. Estimated Cost: \$24,000
 - b. Expense Category: Capital Equipment
 - c. Justification: A security assessment was conducted in March 2014 by the U.S. Homeland Security and access control was a noted security weakness. Adding access control to these show offices will help provide a safe and secured environment for our show managers. This purchase was also included in the CIP submission in October 2014.
- 3) South Hall Compass Café Concession Stand Fryer
 - a. Estimated Cost: \$22,000
 - b. Expense Category: Capital Equipment
 - c. Justification: Current fryers in the South Hall Compass Café concession stand are old and do not operate efficiently. The machine does not heat up oil to properly cook fried foods.
- 4) South Hall Kitchen Fryer
 - a. Estimated Cost: \$27,500
 - b. Expense Category: Capital Equipment
 - c. Justification: Current fryer in the South Hall Kitchen is inoperable. Machine is past its useful life and our mechanics have not been able to repair.
- 5) Double Deck Convection Oven
 - a. Estimated Cost: \$55,000
 - b. Expense Category: Capital Equipment
 - c. Justification: The West Hall kitchen is the primary kitchen for all catering preparation. Currently all 6 Double Deck Convection ovens are past their useful life and require extensive maintenance to operate. We are requesting replacement of two of the six ovens, with a plan to replace the others when funding becomes available in future years.
- 6) Skillet Tilting (2)
 - a. Estimated Cost: \$55,000
 - b. Expense Category: Capital Equipment
 - c. Justification: The West Hall kitchen is the primary kitchen for all catering preparation. There are four tilt skillets in the kitchen area. They are all past their useful life and require extensive maintenance to operate. We are requesting replacement of two of the four skillets, with the plan to replace the remaining two next fiscal year.

7) Trash Receptacles

- a. Estimated Cost: \$50,000
- b. Expense Category: Operating Expense
- c. Justification: In January 2015, thirty trash and recycling bins were purchased providing a more professional appearance in the concourse and halls. There are still many locations using the old trash receptacle which are in disrepair, unsightly and provide an inconsistent look throughout the center. This purchase was also included in the CIP submission in October 2014.

8) Repair to South Hall air-wall (operable wall)

- a. Estimated Cost: \$15,000
- b. Expense Category: Operating Expense
- c. Justification: Operable "Air-wall" in South Hall is in disrepair and subsequently very difficult to move, which requires additional labor to complete installation or removal. This purchase was also included in the CIP submission in October 2014.

9) CMS Electronic Message Boards (2)

- a. Estimated Cost: \$30,000
- b. Expense category: Capital Equipment
- c. Justification: We currently rent two electronic message boards each month from October – June to direct traffic/people to Convention Center parking locations. Cost is \$950/month in rental. Purchasing the boards will result in saving of operating expense after three years.

10) Window Washing Ladders & Platforms

- a. Estimated Cost: \$65,000
- b. Expense Category: Operating expense
- c. Justification: The current ladders are not operable requiring additional labor and equipment for cleaning high exterior glass. Making the ladders operable will reduce annual cost to clean high glass. Further repairs for improving efficiency of cleaning high glass are being explored and will be included in our second request for projects.

These projects listed account for approximately \$480K of the \$800K available for special projects. We are still gathering information on a number of other projects to ensure we are achieving the best use of the funds available. The projects we are still gathering data on are listed below:

- 1) Repairs to the ladders/decks used for washing windows on West Hall and South Hall Towers
- 2) Purchase of furniture for use in the lobbies and concourses
- 3) Replacement of China used for large banquets and catering
- 4) Additional equipment for the West Hall Kitchen

We will present a second round of projects and equipment purchase requests for approval once we have refined the list and associated expenses for the remaining \$320K in funds available. As always, we are available to answer any questions or provide additional supporting information on any of the projects proposed.

We are very pleased and proud of the financial success the convention center will achieve this year, which in part can be attributed to the collaboration and teamwork between the City of LA, AEG Facilities, CTD, and LATCB. We are anxious to get started on these projects and purchases which will undoubtedly help make the Los Angeles Convention Center a truly "World Class" convention center.

Thank you for your continued support, Bud!

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Gessner". The signature is fluid and cursive, with the first name "Brad" and last name "Gessner" clearly distinguishable.

Brad Gessner
Sr. Vice President and General Manager
Los Angeles Convention Center
1201 S. Figueroa Street
Los Angeles, California 90015

cc: Keith Hilsgen
Tom Fields
Diana Manglioglu

AEG Facilities
Los Angeles Convention Center
14/15 Forecast

	Budget 7/1/14 - 6/30/15	Forecast 7/1/14 - 6/30/15
Revenue's (net of event expenses)		
Rent	10,810,952	11,566,003
Less Discounts	(4,667,699)	(4,667,155)
Net Rent	6,143,254	6,898,848
Food and Beverage Sales	12,679,987	12,498,515
F & B expenses	(10,474,041)	(10,746,809)
Net Food and Beverage Revenue	2,205,946	1,751,606
Utility Services Gross Billing	10,073,070	11,212,453
Percent kept by vendor	(6,444,076)	(7,389,608)
Utility Services Commissions	3,628,994	3,822,845
Parking receipts	8,502,187	9,003,166
Staples Center Debt Service	(1,000,000)	(1,000,000)
Net Parking Revenue	7,502,187	8,003,166
Communications	962,194	1,053,899
Cell Towers	384,855	448,694
Event Services	620,445	884,505
Marketing / Advertising	249,500	293,238
AV	250,000	230,859
Other	59,189	90,233
Prior Year carryover & Other		
Total Revenue	22,006,563	23,477,894
Expenses		
Salaries & Wages - Full Time	7,252,977	6,993,613
Salaries & Wages - Part Time	1,016,893	965,273
Overtime General	195,080	275,602
Event Expenses	674,935	1,155,493
Parking Wages	864,016	827,875
Payroll Taxes	652,832	554,872
Fringe Benefits	944,747	899,597
Workers Comp Insurance - Base coverage	71,060	41,612
Total Wages Salaries and Benefits	11,672,539	11,713,938
Printing and Binding	62,130	63,032
Contracted services	3,364,619	3,377,942
Parking Operating expenses and Management Fee	574,320	497,046
Field Equipment	102,718	131,332
Maintenance Materials & Supplies	138,000	228,586
Transportation Reimbursement	13,819	12,593
Utilities	4,765,545	4,920,010
Office & Administration	56,200	72,674
Operating Supplies	294,647	268,560
Modifications / Repairs	18,000	43,838
Advertising / Promotions	292,443	119,889
Uniforms	12,000	24,846
Recruiting	5,283	4,927
Employee Welfare	49,345	64,738
Insurance	169,391	151,509
Subscriptions	-	-
Furniture, Office, and Technical Equipment	-	-
Guest Relations	-	-
Communications	-	-
Startup expenses	-	28,710
Travel	-	-
Bad Debt & Interest	-	-
Building Operating Expense	-	-
Depreciation	50,000	58,111
Prior Year Adjustment	-	-
Management Fee	364,105	359,430
Total Other Expenses	10,332,565	10,427,772
Appropriations		
Appropriations	-	-
LACC Department	-	-
Total Expenses and Appropriations	22,005,104	22,141,709
Interest Expense	-	-
Net Income (Loss)	1,460	1,336,185