

**Your AD HOC COMMITTEE ON THE PROPOSED DOWNTOWN  
STADIUM AND EVENTS CENTER**

**reports as follows:**

AD HOC COMMITTEE ON THE PROPOSED DOWNTOWN STADIUM AND EVENTS CENTER REPORT relative to the negotiating principles to be used in connection with the Anschutz Entertainment Group (AEG) proposal to build a stadium at the Los Angeles Convention Center (LACC) and to bring a National Football League (NFL) team to the City.

Recommendations for Council action:

1. ADOPT the following list of negotiating principles to be used in connection with the AEG proposal to build a stadium at the LACC and to bring an NFL team to the city of Los Angeles:
  1. The City's existing General Fund base will be fully protected.
  2. There shall be no public money for the NFL stadium.
  3. There must be substantial private funding to support any bonds issued to construct Pico Hall.
  4. Any tax revenues used to support bonds issued to construct Pico Hall shall be from demonstrated net new tax revenues generated by the development and shall not come from existing General Fund revenues.
  5. The amount of demonstrated net new tax revenues to the City used to support bonds issued to construct Pico Hall shall be no more than 50% of the net new General Fund tax revenues accruing to the City from the development.
  6. The City shall receive satisfactory assurances, in the form of a guarantee, letter of credit or otherwise, that AEG will satisfy its obligation to fund any shortfall to the extent the revenues from numbers items 3 and 5 are insufficient to fund the debt service on the bonds issued to construct the new hall.
  7. The City shall retain fee ownership of the property on which the NFL stadium will be built; said property will be ground-leased for a period not to exceed 55 years and the City shall receive fair compensation for the value of the ground lease.
  8. AEG will work cooperatively with LACC and LA INC with regard to Convention Center bookings to mitigate, to the fullest extent possible, any disruption of service at the LACC; the New Hall will be substantially completed prior to the demolition of the West Hall; and, the West Hall shall not be taken out of service prior to the opening of the New Hall without the City's prior consent and such consent will be given only if scheduled events can be otherwise accommodated.

9. AEG shall complete an Environmental Impact Report (EIR) which shall fully analyze the impacts of the proposed development.
  10. AEG will implement a public benefits program.
  11. AEG will provide assurances to the satisfaction of the City that teams that are contracted to play in the NFL stadium are committed to the stadium for a period sufficient to ensure that the City's investment in Pico Hall is protected.
  12. The NFL stadium must include a roof and be designed in such a fashion as to provide viable additional event and exhibit space for the LACC, so that the total available event space at the LACC shall exceed 1 million square feet; AEG and the City will negotiate the terms through which the City shall have access to the stadium for event and exhibit space.
2. REQUEST that the Chief Legislative Analyst (CLA), City Administrative Officer (CAO), City Attorney and LACC report back to the Ad Hoc Committee on the Proposed Downtown Stadium and Events Center as appropriate with status updates and negotiation instructions relative to this matter.
  3. DIRECT the CLA to report back on the following:
    - a. Local job hire statistics for the construction and activities associated with Staples Center and LA Live, including data for project construction phases, and for on-going permanent employment.
    - b. A financial analysis of the costs, risks, and economic benefits for the city of Los Angeles of the proposed construction of a football stadium in the city of Industry.
    - c. An analysis of other models of public-private partnerships used for projects of this scale, and an evaluation of whether the proposed level of private funding is sufficient to develop and build this project.
    - d. The need for public funding to support the bonds proposed to be issued for this project.
    - e. A justification of why future net new tax revenue should be used for debt service payment.
    - f. Assurances that can be made that the new events center will not have a negative impact on existing LACC business activity, and recommendations for protection against such losses.
    - g. On the fair market value of the ground lease, who will prepare a determination of value of the ground lease, and an estimate of that value today.
    - h. Requiring that the City receive a fair portion of the naming rights license revenue for the proposed football stadium and events center, and to engage the City's selected financial consultant for the project to evaluate signage rights, and outdoor advertising revenue.

- i. Mechanisms that can be put in place to ensure that an NFL team or teams playing at the stadium remain long enough for all bond debt to be paid.
  - j. Events that may be willing to relocate to Los Angeles to take advantage of the new LACC and events center configuration.
  - k. Long term public benefits of the proposed stadium and events center project.
  - l. Creating a set-aside of 1% of project costs for citywide youth and junior college recreation and athletic activities.
  - m. In consultation with CalTrans and the Los Angeles County Metropolitan Transportation Authority, determine whether a land use consultant is needed to evaluate the impact of this project on transportation, surrounding properties, neighborhoods and infrastructure; and, a mechanism for the developer to pay the costs of additional staff needed to conduct project planning, engineering, and transportation related work.
  - n. Determine whether an additional consultant with expertise in audits is needed to oversee and verify the projects finances to protect the City's interest.
  - o. Provide a status update regarding the selection of consultants by the CLA and CAO.
  - p. Provide the overtime costs associated with having an off-site committee meeting after regular business hours.
4. DIRECT the CLA to report on the following proposed amendments to the negotiating principals stated above:

Negotiating Principal 1: The City's existing and future General Fund base will be fully protected.

Negotiating Principle 2: There shall be no public money for the NFL Stadium, or the downtown event center, and public money and will not be used to subsidize or incent the stadium and event center, or otherwise make infrastructure improvements that the City would not ordinarily make.

Negotiating Principle 6: AEG shall fully guarantee, in a form of a guarantee or letter of credit, or otherwise that the developer will satisfy its obligations to fund any shortfall to the extent that that the revenues generated through numbers 3 and 5 above are insufficient to fully support the bonds.

Negotiating Principle 9: AEG shall complete an Environmental Impact Report (EIR) which shall fully analyze the impacts of the proposed development, and AEG shall not seek or receive legislative protection from litigation regarding the adequacy of the EIR.

New Principle: Due to the City's ownership of the property on which the stadium is built, the City should receive a fair portion of the naming rights.

Fiscal Impact Statement: The CLA reports that this action will not impact the General Fund. All consultant services will be funded through payments from AEG. If the transaction is ultimately approved, debt service on bonds to fund Pico Hall is estimated to be approximately \$25 million per year. The fiscal impact on the City will depend on the results of the negotiations.

Community Impact Statement: None submitted.

### SUMMARY

In a report to the Ad Hoc Committee on the Proposed Downtown Stadium and Events Center dated April 14, 2011, the CLA presents a set of negotiating principles to be used in connection with the AEG proposal to build a stadium at the LACC and to bring an NFL team to the city of Los Angeles. The CLA states that the proposed principles shall guide negotiations. Negotiations will be centered on resolving the details in order to implement the principles that the Committee establishes. The overriding policy concept expressed in the proposed principles is that the City is viewing the AEG proposal as a means to leverage significant private funding to expand and renovate the LACC to make it more competitive. The construction of an NFL stadium is potentially the mechanism to achieve that goal.

At its special meeting held April 18, 2011, the Ad Hoc Committee on the Proposed Downtown Stadium and Events Center discussed this matter with the CLA. At this time, Committee members raised various points of consideration regarding the proposed project, its financing, and its impact on the community and the local economy. Specific issues raised included job creation, new tax revenues, and citywide benefits arising from the project; protecting the city's interests with regard to future impacts on the General Fund, receiving fair compensation for revenues generated from parking and signage on city-owned property; planning and land use issues, and traffic congestion; impacts on the LACC during construction; impacts on USC and Coliseum; and opportunities for attracting conventions and other major events such as the Olympics. The Committee approved the CLA's recommendations, and directed the CLA to report back relative to these issues, as listed above.

Respectfully submitted,

AD HOC COMMITTEE ON THE PROPOSED DOWNTOWN  
STADIUM AND EVENTS CENTER

- NOT OFFICIAL UNTIL COUNCIL ACTS -

<u>MEMBER</u>	<u>VOTE</u>
PERRY:	YES
ROSENDAHL:	YES
REYES:	YES
LABONGE:	YES
CARDENAS:	ABSENT

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