

**TO THE COUNCIL OF THE  
CITY OF LOS ANGELES**

Your **TRADE, COMMERCE, AND TOURISM COMMITTEE**

reports as follows:

TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to AEG's proposal to build a stadium at the Los Angeles Convention Center (LACC) in Downtown Los Angeles and bring a National Football League (NFL) team to Los Angeles.

Recommendations for Council action, as initiated by Motion (Perry - Smith - Garcetti):

1. INSTRUCT the Chief Legislative Analyst (CLA) to form a working group consisting of the CLA, City Administrative Officer (CAO), Mayor, Controller, LACC and any other relevant entity and engage AEG in formal discussions concerning AEG's proposal to building a stadium at the LACC in Downtown Los Angeles and to bring an NFL team to the City.
2. INSTRUCT the working group, as detailed above in Recommendation No. 1, to immediately begin to review all information in connection with AEG's proposal once it is submitted.
3. INSTRUCT the CLA to provide the Trade, Commerce, and Tourism Committee with quarterly reports in regard to the status of the AEG's proposal and related matters and conduct public hearings.
4. INSTRUCT the CLA to retain an independent outside entity to conduct a financial and economic analysis of all stages of AEG's proposal and its associated impacts with focus on the Guarantee Agreement.
5. REQUEST AEG to submit its Environmental Impact Report to the City at the earliest possible date to ensure that the City has an opportunity to review and understand all potential impacts associated with this project.

Fiscal Impact Statement: Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted

SUMMARY

On January 19, 2011, your Committee considered a Motion (Perry - Smith - Garcetti) relative to AEG's proposal to build a stadium at the LACC in Downtown Los Angeles and bring a NFL team to Los Angeles. According to the Motion, there has not been an NFL team based in Los Angeles for many years. Significant efforts have been made over this time to locate a team in the City and to provide a modern stadium for that team to play in, but every effort to date has been unsuccessful. As media reports indicate, AEG has recently developed a proposal to attract an NFL franchise to Los Angeles that involves removing the existing West Hall of the LACC and constructing a new stadium and event center at that site. Replacement exhibition

space would be built immediately adjacent to the South Hall of the LACC. News reports indicate that such a project has a cost of approximately \$1 billion.

Although plans for the stadium and event center seem to have progressed such that architects have submitted initial designs in a competitive bidding process, no formal proposal has been submitted for the City's consideration. Such a major endeavor will require significant review and approval by several City agencies, as well as the Council and Mayor. A major project of this scale may provide important economic benefits to the City in these difficult economic times, most significant being the creation of temporary and permanent jobs necessary to build and operate the facility. The significant upgrade to Convention Center facilities is also an important benefit that could be derived from the project.

But any such project would have to be funded solely from new revenues associated with the project, must protect the City's tax payers and the City's General Fund, and must generate revenues above and beyond those currently generated by the site. Because this project involves the LACC, protections must be in place to ensure continued attraction and growth of national conventions to the City and revenues associated with that activity. Any effort to move this project forward now requires the submission of a formal proposal from the project proponent. This will allow the City to dedicate the resources necessary to consider the merits of this project. If it provides the benefits reported, the City will be able to move forward the various actions necessary to make it happen.

A representative from AEG then presented an overview of the proposed project. Specifically, AEG is proposing to move an NFL team franchise to Los Angeles and a 64,000-seat stadium to house the team at the LACC. The stadium would be built where the West Hall at LACC is currently located. AEG believes that this project would not only enhance the LACC, but will also service as a catalyst for the creation of 20,000 to 30,000 jobs due to the impact on the convention business at LACC. AEG also stated that given the current economic climate, their project would have to be completely privatized and have zero impact on the General Fund. When the stadium is not being used for football games, it would be available for use for conventions and trade shows (the stadium would have a roof). Key to the economic success of the project would be ensuring that the stadium have as much multi-functional use as possible. Finally, AEG stated that through its proposed project, Los Angeles would become one of the top five markets in the nation for conventions.

AEG then went on to state that in order for the proposed project to succeed, the West Hall of the LACC will have to be replaced is in need of major repairs and renovations and that as such, little capital improvement has been done over the past 10 to 20 years. AEG estimates that the proposed project will cost \$350 million. Additionally, AEG stated that the tax revenues to be generated from the new stadium and overall project will be applied towards payment on \$350 million in bonds and furthermore, that if there is a shortfall of these new tax revenues on an annual basis for the debt service, AEG will make up the shortfall; this would apply for each and every year for the life of the bond. In short, no public funds will be used to service the debt incurring from the proposed project. Finally, the bonds will similar to those used to fund the Staples Center and as such will be structured so that any annual debt service shortfalls will be paid by AEG.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion, as amended and detailed in the above recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
HAHN:	YES
ROSENDAHL:	ABSENT
LABONGE:	YES

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