



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 1 4 - 0 0 9 4

APR 0 3 2014

REPORT RE:

**REVISED DRAFT ORDINANCE AMENDING LOS ANGELES ADMINISTRATIVE
CODE SECTIONS 8.140, 8.142, 8.143, 8.144, 8.146, 8.148, 8.148.3, 8.149.1, 8.149.2,
8.149.3, 8.149.4, 8.149.6 AND ADDING A NEW SECTION 8.149.7 TO CHAPTER 11,
DIVISION 8 OF THE LOS ANGELES ADMINISTRATIVE CODE REGARDING
CHANGING THE NAME AND THE GOVERNANCE STRUCTURE OF THE
CONVENTION CENTER DEPARTMENT**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 12-0692

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed revised draft ordinance, approved as to form and legality. The revised draft ordinance would alter the provisions of the Los Angeles Administrative Code relative to the governance structure of the Los Angeles Convention Center Department and change the name of the Department to the "Los Angeles Department of Convention and Tourism Development." The revised draft ordinance also modifies the Discount Policy and establishes a new Booking Policy for events licensed at the Los Angeles Convention Center. The revised draft ordinance incorporates the changes that you have requested and includes language that would: (1) enable a designated private operator to operate, manage and maintain the Convention Center; (2) authorize the Executive Director or designated private operator to execute license agreements without the approval of the Department's Board; (3) permit the Board in certain exceptional circumstances to approve proposed rate reductions or waivers that do not meet the standard requirements set forth in the Code; and (4) allow the Executive

Director to approve the calculation of discounts, reductions or waivers applied to license agreements.

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Los Angeles Convention Center Department, and its comments have been incorporated or resolved with the Department.

If you have any questions regarding this matter, please contact Assistant City Attorney Terry Martin-Brown at (213) 978-8134. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM:TMB:fa
Transmittal

ORDINANCE NO. _____

An ordinance amending Sections 8.140, 8.142, 8.143, 8.144, 8.146, 8.148, 8.148.3, 8.149.1, 8.149.2, 8.149.3, 8.149.4, 8.149.6 and adding a new Section 8.149.7 to the Los Angeles Administrative Code to change the name of the Convention Center Department, modify the governance structure of the Department, revise the Discount Policy and establish a new Booking Policy.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. The title of Chapter 11 of Division 8 of the Los Angeles Administrative Code is hereby amended to read in its entirety as follows:

CHAPTER 11

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

Sec. 2. Sections 8.140 through and including Section 8.149.6 are amended to replace all references to "Los Angeles Convention Center Department" with "Los Angeles Department of Convention and Tourism Development."

Sec. 3. Section 8.142 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 8.142. Management and Control of Department.

The department shall be under the control and management of a board of five (5) persons to be known as the Board of Los Angeles Convention and Tourism Development Commissioners, hereinafter referred to in this Chapter as the "Board." Each Board member shall be appointed and may be removed in accordance with Los Angeles City Charter Section 502. The Board shall be organized in accordance with the provisions of Los Angeles City Charter Section 503. The members of the Board shall be exempt from all civil service provisions and, to the extent feasible, shall be selected to provide representation of the following disciplines on the Board: Business; Hospitality/Hotel Industry; Sports; Cultural Tourism; Entertainment/Leisure Activities; Finance; Conventions/Events and Marketing.

Sec. 4. Section 8.143 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 8.143. Duties of Any Designated Private Management Contractor.

In addition to any specific obligations or responsibilities set forth in any executed management agreement with the City, any designated private management contractor

of the facility shall have authority to negotiate, execute (in its name) and administer any and all agreements that are required in the ordinary course of business and operation of the Los Angeles Convention Center or as otherwise are necessary for the private management contractor to perform its duties pursuant to a written agreement with the City for management of the Convention Center. Such delegated authority shall include the ability to book/schedule events on the Convention Center's Master Calendar, as well as negotiate and enter into contracts (including licenses with a term exceeding three (3) years, or multi-year licenses) for the use of the Convention Center facilities in accordance with the terms of any management agreement, the Booking Policy stated in this Chapter, and the requirements of this Code and the City Charter, without further approval of the Board, the Executive Director of the Department of Convention and Tourism Development, or the Council.

Sec. 5. Section 8.144 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 8.144. Duties of the Executive Director.

The Executive Director shall be appointed and removed in accordance with the provisions of Charter Section 508, and shall have all of the powers of a chief administrative officer of a department under the control of a board of commissioners as described in Los Angeles City Charter Sections 507 and 509. Specifically, the Executive Director shall regularly report to the Board regarding Convention Center operations, including maintenance, finance, sales/marketing, contract administration, public relations, communications and security/public safety. The Executive Director shall recommend to the Board the schedule of rates and amendments thereto when, in his or her opinion, adjustments to the rates should be made. The Executive Director may enter into contracts (including licenses with a term exceeding three (3) years or multi-year licenses) for the use of the Convention Center facilities in accordance with the Booking Policy set forth in this Chapter without further approval of the Board or the Council, subject to the requirements of this Code and the City Charter. The Executive Director shall report to the Board and serve as the representative of the Board to the Mayor, the Council, other departments and contractors, such as the tourism and convention bureau and the Convention Center's private management contractor, if any.

Sec. 6. Section 8.146 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 8.146. Powers and Duties of the Board.

The Board shall advise the Mayor and Council on all policies related to tourism, marketing the City, and convention business. The Board shall administer any private management or tourism and convention bureau agreements. The specific duties of the Board shall be as follows: consult with, manage and direct the Executive Director and the private management contractor, if any, on the operation and maintenance of the Center; advise the Mayor and City Council on Convention Center operations by

submitting regular reports and recommendations, including specific recommendations to Council regarding the schedule of rates and any amendments thereto. Council shall, by ordinance, establish a schedule of rates for the various types of rentals and uses of the Center facilities. There shall be no waiver or reduction of rates as fixed by the Council by ordinance for the use of such facilities except as provided in this Chapter.

The Board shall oversee and direct the contractual performance of the tourism and convention bureau, as applicable. Oversight of that contract and services under it shall include requiring the tourism and convention bureau to develop measurable, quantifiable goals for the services to be provided to the City, reviewing the tourism and convention bureau's annual Sales and Marketing Plan (which should incorporate those agreed upon measurable and quantifiable goals), reviewing regular progress reports by the tourism and convention bureau regarding the achievement of those goals, evaluating the performance of the tourism and convention bureau, and reporting on its performance to Council.

The Board shall also periodically review the performance of the private management contractor, if any, and provide regular reports to Council reflecting the private management contractor's performance of contractual obligations, including those regarding sales and marketing, maintenance, security, improvements, customer satisfaction and any other matters related to the operation of the Center.

The Board shall also advise on matters related to developing a long-term strategic plan for tourism and hotel growth in the City.

Sec. 7. Section 8.149.1 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 8.149.1. Procedure for Reduction of Rates to be Charged to Certain Licensees.

(a) The Executive Director may reduce or waive for specific licensees of the Los Angeles Convention and Exhibition Center the:

- (1) daily rates for Halls A, B and/or C;
- (2) move-in/move-out rates for Halls A, B and/or C;
- (3) miscellaneous rates charged for the use of certain equipment; and
- (4) rates charged for the use of meeting rooms.

Any proposed reduction or waiver of rates to be charged shall be subject to the following conditions:

A. Rates may be reduced or waived only where the anticipated Transient Occupancy Tax revenues which reasonably may be attributed to the convention or trade show under consideration exceed the total amount reduced or waived.

B. The Executive Director shall inform the Board of each proposed rate reduction or waiver and obtain the Board's approval prior to executing a license agreement.

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

- (1) industry-wide and travel association events;
- (2) multi-year licenses; and
- (3) events that present an exceptional opportunity to generate extraordinary revenue or a significant number of visitors.

D. There shall be no reduction or waiver of vehicle parking rates at any parking lot or parking structure under the control and management of the department.

E. A reduction or waiver of rates may be granted under this subsection or Subsection (b), but not both.

(b) The Executive Director may reduce or waive for convention licensees the rental for exhibit halls and meeting rooms. Any proposed reduction or waiver of rental(s) to be charged shall be subject to the following conditions:

(1) Only convention licensees shall be eligible for such reductions or waivers of rental(s) for exhibit halls or meeting rooms.

(2) The total amount of all such reductions or waivers granted to licensees for use of the Convention Center commencing on or after July 1, 2013, may be up to one hundred percent (100%) of the total rates applied.

(3) In no event shall the total reduction or waiver granted to any licensee exceed the total rental for the exhibit halls and meeting rooms to which the license applies when calculated without such reduction or waiver. In no event shall the total reduction or waiver granted to any licensee exceed the total Transient Occupancy Tax receipts reasonably anticipated to be generated for the City as a result of the convention being held in the City.

(4) No such reduction or waiver shall be considered or granted by the Executive Director unless the tourism and convention bureau shall have first recommended such reduction or waiver to the Executive Director in writing. Such recommendation shall include a written statement of the reasons for the recommendation and the calculation thereof. No license for the use of the Convention Center containing such a reduction or waiver shall be issued until and unless the calculation of such reduction or waiver is approved. The calculation of the reduction or waiver made by the tourism and convention bureau shall be attached to the license which is issued by the Convention Center, and the license shall specify both the regular rental(s) and the reduced or waived rental(s).

(5) After each event where a reduction or waiver is granted, an audit shall be performed by an independent consulting firm to compare the actual amount of Transient Occupancy Tax generated to the discount amount. If the discount amount exceeds the Transient Occupancy Tax revenue, the licensee shall be required to pay the department an amount equivalent to the difference.

(6) The tourism and convention bureau must inform the prospective licensee in writing that said reduction or waiver and the proposed license agreement must be approved and granted by the Executive Director.

(7) A reduction or waiver of rentals may be granted under this subsection or Subsection (a) hereof, but not both.

Sec. 8. Sections 8.149.2 through and including Section 8.149.4 and Section 8.149.6 are amended to replace all references to "General Manager" with "Executive Director."

Sec. 9. Section 8.149.6 is amended to replace the reference to "Board of Los Angeles Convention Center Commissioners" with "Board of Convention and Tourism Development Commissioners."

Sec. 10. A new Section 8.149.7 is added to Chapter 11 of Division 8 of the Los Angeles Administrative Code to read as follows:

Sec. 8.149.7. Booking Policy.

The Board may contract with a not for profit entity established as a tourism and convention bureau to assist the department with the responsibility for booking conventions and meetings into Los Angeles Convention Center facilities. Conventions are defined as any events that are not normally open to the general public and that generate primary attendance from outside of the Los Angeles area. The tourism and convention bureau shall have the authority to book these events one year or more in advance of the event's move-in date.

The department shall have sales responsibility for booking public shows, meetings, special events, banquets, entertainment events, consumer shows and other activities that draw attendees primarily from the Los Angeles area and region, and that appeal to the general public. The Center may book these events up to one (1) year in advance of an event's move-in date.

The Los Angeles Auto Show shall be exempt from the above-stated policy and Auto Show dates may be booked and held by the department on the Convention Center's Master Calendar more than one (1) year in advance.

The department shall be responsible for the management and control of the Master Calendar, but may assign this responsibility to the private management contractor, if any. Nothing in this Chapter shall be construed in such a manner as to prevent the tourism and convention bureau from booking dates for all or a portion of the Center's available facilities less than one (1) year in advance of an event's move-in date, upon written approval of the Executive Director.

Sec. 11. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

HOLLY L. WOLCOTT, Interim City Clerk

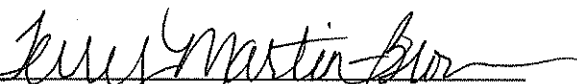
By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By 
TERRY MARTIN-BROWN
Assistant City Attorney

Date April 3, 2014

File No. CF 12-0692