

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer

When making inquiries relative to
this matter, please refer to the
Council File No.

Office of the
CITY CLERK

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SHANNON HOPPES
Council and Public Services
Division

www.cityclerk.lacity.org

December 17, 2012

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 12-0692, at its meeting held December 12, 2012.



City Clerk
srb

413
TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your

TRADE, COMMERCE, AND TOURISM

Committee

report as follows:

TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to a proposal for an enhanced governance structure of the Los Angeles Convention Center (LACC) and for authority to release a request for proposal for operating management services of the LACC.

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

1. APPROVE and INSTRUCT the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to work together and report back with the legislative actions necessary to expand the duties and scope of responsibilities of the existing Los Angeles Convention Center Commission to instead operate as a Board of Commissioners that advises the Mayor and Council on all policies related to tourism, marketing Los Angeles, convention business, and administration of the Alternative Service Management and Los Angeles Tourism and Convention Board agreements.
2. APPROVE and INSTRUCT the CAO and the CLA to work together and report back with the legislative actions necessary to create a Chief Executive Officer position that serves as a representative of the Board and a liaison to the Mayor, the Council and City department.
3. REQUEST that the City Attorney work with the CAO and the CLA to prepare and present an Ordinance amending the Administrative Code to implement the intent of the above recommendations.
4. ADOPT Attachment 4, which amends the Booking Policy by:
 - a. Shortening the booking window from 24 months to 12 months.
 - b. Eliminating grandfathered exceptions.
5. ADOPT a goal for the LACC to increase citywide convention attendees by 50 percent over historical amounts to between 400,000 and 425,000.
6. INSTRUCT the CAO and the CLA to report back on recommendations on how to increase hotel capacity in furtherance of the City's goal of increasing convention business by 50 percent.
7. INSTRUCT the CAO and CLA to, if necessary, review the goals of the Los Angeles Tourism and Convention Board contract to make consistent with the outlined proposal.
8. INSTRUCT the CAO to utilize the Office of Economic Analysis to study the potential citywide impact on revenues and job creation as a result of the City's goal of increasing convention business by 50 percent.
9. APPROVE and INSTRUCT the CAO to release a Request for Proposal substantially in the form of the attached draft for the operation and management of the Los Angeles Convention Center.

10. INSTRUCT the CAO to report back and present recommendations on a private management firm for Mayor and Council consideration upon conclusion of the Request for Proposal Process.
11. INSTRUCT the CAO to work with the City Attorney to revise the Administrative Code to reflect current Discount Policy operating practices.

Fiscal Impact Statement: The CAO reports that an alternative management structure for the LACC could generate General Fund savings of \$2.1 million to \$6.3 million for the first year and up to \$3.8 million to \$8.5 million by the fifth year. However, the actual General Fund savings cannot be determined at this time and largely depend on responses to the Request for Proposal. Changes recommended to the governance structure are anticipated to have a financial impact equivalent to the cost of the Chief Executive Officer's salary, which would be competitive to Chief Executive Officers of similar type positions in the convention industry. Increasing the number of citywide conventions will increase the amount of Transit Occupancy Tax received by the City, but that amount requires further study by the Office of Economic Analysis. There is no additional negative impact on the General Fund.

Debt Impact Statement: The CAO reports that this report has no immediate debt impact on the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on August 27, 2012, the Trade, Commerce and Tourism Committee considered the LACC's proposal for an enhanced governance structure and for proposal for operating management services. The CAO stated that in order for the LACC to compete as a top tier facility within the convention industry, the City must enhance the governance structure of the LACC; adopt an alternative structure for operating management services; and expand the City's hotel room supply to 5,000 rooms within a half mile radius of the LACC. The CAO also requested to add the recommendation to work with the City Attorney to revise the Administrative Code to reflect current Discount Policy operating practices.

After a thorough discussion of the matter and having provided an opportunity for public comment, the Committee moved to approve the recommendations contained in the CAO report with the added amendment requested in committee by the CAO. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

TRADE, COMMERCE AND TOURISM COMMITTEE



MEMBER LABONGE VOTE YES
ADOPTED
 *as amended
 see attached motions
 LOS ANGELES CITY COUNCIL
 DEC 12 2012

SEP 19 2012 CONTINUED TO ~~Oct 24, 2012~~
 Not Official Until Council Acts

FORTHWITH

OCT 24 2012 Continued to Nov 20, 2012
 NOV 20 2012 CONTINUED TO Dec 12 2012

MOTION

Given the significance of our City's fiscal realities and the need to address the on-going structural deficit, we must re-evaluate how best to leverage our assets to increase revenue to the General Fund. One of the biggest areas of growth potential is within the tourism industry.

Other large cities such as Chicago, San Francisco, and San Diego have already recognized the benefits and have made changes to treat their convention centers as "economic engines" by streamlining their governance structures, bringing on nationally focused operators and enhancing their booking policies to be more competitive. As a result, these convention centers host a significant amount of citywide conventions that generate jobs and revenue to their cities.

I THEREFORE MOVE that the City Council APPROVE the CAO Report dated December 11, 2012 with the following Amendments:

INSTRUCT the City Administrative Office (CAO), with the assistance of the City Attorney and the Office of Finance, to report back to the Budget and Finance Committee within thirty days to further clarify and expand on a policy and fiscal analysis of the tax exempt status of Convention Center bonds and any changes that may occur under the changes approved or proposed by these actions;

INSTRUCT the CAO to include in the RFP a mandatory labor peace agreement for any successful bidder;

INSTRUCT the CAO to report back to the City Council, with the assistance of the Personnel Department, within sixty days on a policy and fiscal analysis of moving current city employees at the convention center to other City departments as a possible outcome under the approved or proposed actions;

INSTRUCT the CAO to require financial transparency by all bidders with respect to the RFP consistent with City policy; and,

INSTRUCT the CAO to ensure that existing collective bargaining agreements continue to be applied at the Convention Center to all remaining city employees.

I FURTHER MOVE that the CAO Report dated August 3, 2012 BE AMENDED to make the following changes to recommendation 1:

1. APPROVE and INSTRUCT the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) and request the City Attorney to work together and report back within 30 days with the legislative actions necessary to expand the duties and scope of responsibilities of the existing Los Angeles Convention Center Commission to instead operate as a Board of Commissioners that advises the Mayor and Council on all policies related to tourism, marketing Los Angeles, convention business, and administration of


DEC 12 2012

the Alternative Service Management and Los Angeles Tourism and Convention Board agreements.

PRESENTED
BY



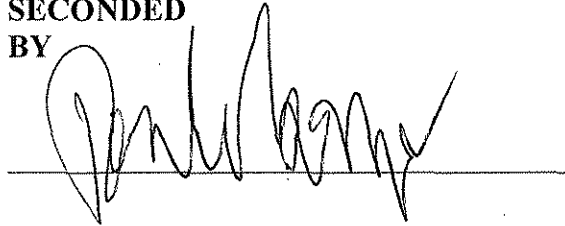
HERB J. WESSON, JR.
Councilmember, 10th District



PAUL KREKORIAN
Councilmember, 2nd District

ORIGINAL

SECONDED
BY



ADOPTED
**as amended*
DEC 12 2012
see attached Motion
LOS ANGELES CITY COUNCIL

FORTHWITH

MOTION

I HEREBY MOVE that Council ADOPT the following recommendation relative to a proposal for an enhanced governance structure of the Los Angeles Convention Center (LACC) and for authority to release a Request for Proposal (RFP) for operating management services of the LACC (Item No. 43, Council file No. 12-0692):

ALLOW employees of the LACC, if not excluded by their contract(s), to submit a proposal in response to the subject RFP.

PRESENTED BY _____
ERIC GARCETTI
Councilmember, 13th District

SECONDED BY _____
HERB WESSON
Councilmember, 10th District

December 12, 2012

CF 12-0692

ADOPTED

DEC 12 2012

LOS ANGELES CITY COUNCIL

FORTHWITH

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

File No. 12-0692

**FROM: COUNCILMEMBER PAUL KREKORIAN, CHAIR
COUNCILMEMBER PAUL KORETZ, MEMBER
BUDGET AND FINANCE COMMITTEE**

COMMUNICATION FROM CHAIR AND MEMBER, BUDGET AND FINANCE COMMITTEE relative to a proposal for an enhanced governance structure of the Los Angeles Convention Center (LACC) and for authority to release a request for proposal for operating management services of the LACC.

Recommendations for Council action, as initiated by Motion (Perry – Zine):

1. APPROVE and INSTRUCT the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to work together and report back with the legislative actions necessary to expand the duties and scope of responsibilities of the existing Los Angeles Convention Center Commission to instead operate as a Board of Commissioners that advises the Mayor and Council on all policies related to tourism, marketing Los Angeles, convention business, and administration of any potential Alternative Service Management and Los Angeles Tourism and Convention Board agreements.
2. APPROVE and INSTRUCT the CAO and the CLA to work together and report back with the legislative actions necessary to create a Chief Executive Officer position that serves as a representative of the Board and a liaison to the Mayor, the Council and City department.
3. REQUEST that the City Attorney work with the CAO and the CLA to prepare and present an Ordinance amending the Administrative Code to implement the intent of the above recommendations.
4. ADOPT Attachment 4, which amends the Booking Policy by:
 - a. Shortening the booking window from 24 months to 12 months.
 - b. Eliminating grandfathered exceptions.
 - c. Instruct CAO and CLA to confer with the management of the Los Angeles Auto Show to attempt to meet common interest goals in relation to the amended Booking Policy referenced above.
5. ADOPT a goal for the LACC to increase citywide convention attendees by 50 percent over historical amounts to between 400,000 and 425,000.
6. INSTRUCT the CAO and the CLA to report back on recommendations on how to increase hotel capacity in furtherance of the City's goal of increasing convention business by 50 percent.
7. INSTRUCT the CAO and CLA to, if necessary, review the goals of the Los Angeles Tourism and Convention Board contract to make consistent with the outlined proposal.

8. INSTRUCT the CAO to utilize the Office of Economic Analysis to study the potential citywide impact on revenues and job creation as a result of the City's goal of increasing convention business by 50 percent.
9. HOLD and refer back to the Budget and Finance Committee for further consideration recommendation numbers 9 and 10 of the CAO report, attached to the Council file, relative to a request for proposal for the operation and management of the LACC.
10. INSTRUCT the CAO to report back to the Budget and Finance Committee on the General Fund impacts of potential changes in positions if current LACC employees are displaced to other General Fund positions upon the transition to a private management firm at the LACC.

Fiscal Impact Statement: The CAO reports that an alternative management structure for the LACC could generate General Fund savings of \$2.1 million to \$6.3 million for the first year and up to \$3.8 million to \$8.5 million by the fifth year. However, the actual General Fund savings cannot be determined at this time and largely depend on responses to the Request for Proposal. Changes recommended to the governance structure are anticipated to have a financial impact equivalent to the cost of the Chief Executive Officer's salary, which would be competitive to Chief Executive Officers of similar type positions in the convention industry. Increasing the number of citywide conventions will increase the amount of Transit Occupancy Tax received by the City, but that amount requires further study by the Office of Economic Analysis. There is no additional negative impact on the General Fund.

Debt Impact Statement: The CAO reports that this report has no immediate debt impact on the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on September 10, 2012, the Budget and Finance (BF) Committee considered a CAO report relative to a proposal for an enhanced governance structure of the LACC and for authority to release a request for proposal for operating management services of the LACC. The CAO report concludes that in order for the LACC to compete as a top tier facility within the convention industry, the City must enhance the governance structure of the LACC; adopt an alternative structure for operating management services; and expand the City's hotel room supply to 5,000 rooms within a half mile radius of the LACC. The CAO report provides additional details and is attached to the Council file.

During Committee consideration, the CAO provided an overview of the LACC proposal and responded to related questions from Committee members. After providing an opportunity for public comment and further discussion of the matter with representatives of LACC and the Los Angeles Tourism and Convention Board, the Chair and Member of the BF Committee recommended that recommendation numbers 9 and 10 of the CAO report relative to a request for proposal for the operation and management of the LACC be held and referred back to BF Committee for further consideration. The BF Committee further recommended approval of recommendation numbers 1 through 8 of the CAO report as amended in Committee and an additional instruction to the CAO relative to General Fund impacts of LACC positions changes.

This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

PAUL KREKORIAN, Chair
PAUL KORETZ, Member
BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
CARDENAS:	ABSENT
ROSENDAHL:	ABSENT
KORETZ:	YES

ep
12-0692_rpt_bfc_9-12-12

-Not Official Until Council Acts-

SEP 19 2012 - CONTINUED TO Oct. 24, 2012

OCT 24 2012 Continued to Nov. 20, 2012

DEC 12 2012 Received and Filed