

## 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

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**-Not Official Until Council Acts-**