

# CITY OF LOS ANGELES

CALIFORNIA

## LOS ANGELES CONVENTION CENTER COMMISSION

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## LOS ANGELES CONVENTION CENTER

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June 18, 2013

Trade, Commerce & Tourism Committee  
The Honorable Tom LaBonge, Chair  
Councilmember Bill Rosendahl, Vice Chair  
Councilmember Joe Buscaino, Member  
Office of the City Clerk  
Room 395, City Hall  
Los Angeles, California 90012

Dear Chairman LaBonge and members of the Committee:

**SUBJECT: 2<sup>nd</sup> DRAFT OF THE PROPOSED LOS ANGELES CONVENTION CENTER  
ACTION PLAN**

Attached is the second draft of our proposed Los Angeles Convention Center (LACC) Action Plan. This version updates the one I sent you on May 29, 2013.

I am pleased with the progress we are making on this plan after only a few weeks working on it. I would appreciate the opportunity to discuss it with your Committee, or individually, when your time permits.

I have also sent copies to Mayor-elect Eric Garetti.

As you read the report, please take a look at the varied references to the LACC. Sometimes it refers to the name of our Department and sometimes it refers to the actual facility AEG will now manage. I find these varied references somewhat confusing. Perhaps we should consider a different name for the Department to differentiate it from the building; maybe something like, "Los Angeles Convention and Tourism Department."

Let me know what you think.

Sincerely,

Robert R. "Bud" Ovrom  
Interim Executive Director

Trade, Commerce & Tourism Committee  
June 18, 2013  
Page 2

RRO:cv  
Exec Ref 13-360

Attachment

cc: Carolyn Ramsey, Chief of Staff – CD 4  
Mike Bonin, Chief of Staff – CD 11  
Doane Liu, Chief of Staff – CD 15

# LACC ACTION PLAN

June 18, 2013

## I. BACKGROUND

In September 2012, the City Council approved a report from the City Administrative Officer (CAO) proposing a new governance model for the Los Angeles Convention Center (LACC) and an economic development strategy to use the LACC as a platform, or focal point, to promote a comprehensive citywide tourism strategy.

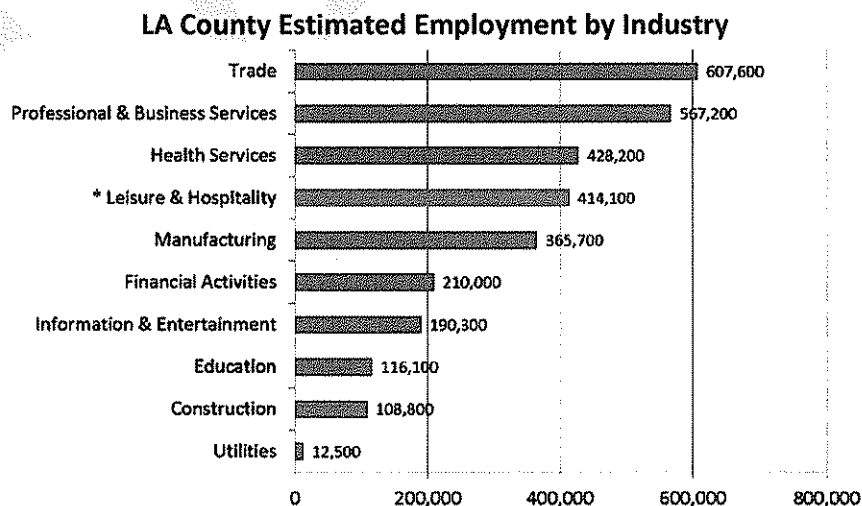
The purpose of this report is to provide a preliminary first year Action Plan for accomplishing that goal. The intention is to work with Mayor Elect Garcetti, City Council, City Administrative Officer (CAO), Chief Legislative Analyst (CLA), and other stakeholders in order to have an Action Plan in place by the first quarter of the new Fiscal Year.

Most of these action items contained in the report are already underway, or have been percolating for some time. However, each element has been proceeding on its own path. The difference now is that the new vision of the LACC, with a reconstituted Commission and a more empowered Executive Director, makes a concerted effort to “connect the dots” and view all of these efforts in the context of a more articulated and coherent tourism strategy.

## II. INTRODUCTION

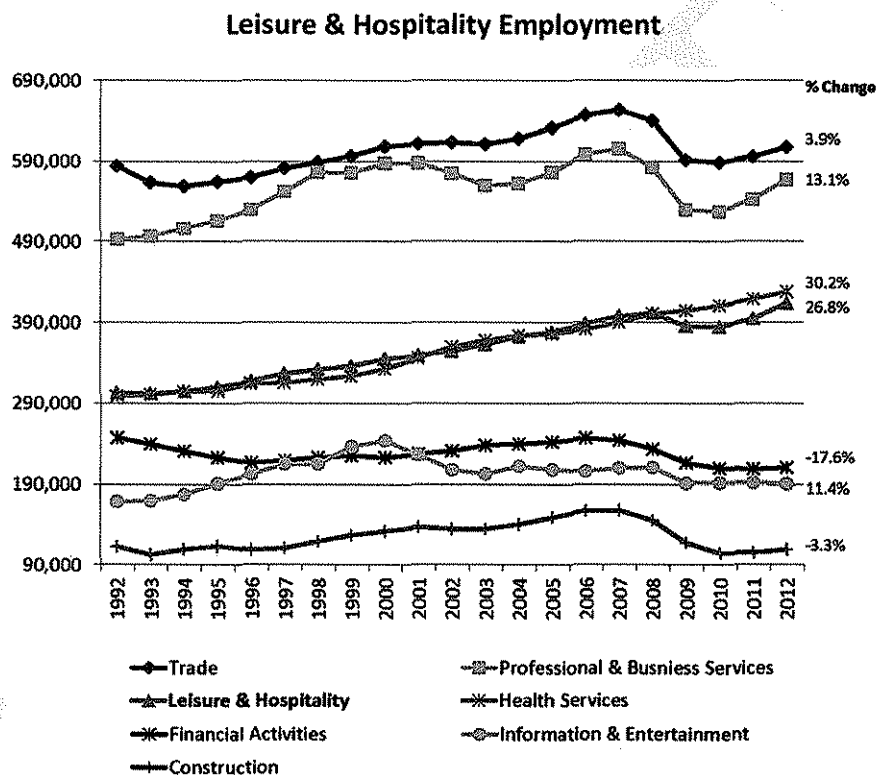
Although the overall economy is slowly but steadily recovering, the City of Los Angeles still faces a major crisis with unemployment. As of April, Los Angeles had an unemployment rate of 9.9%, while the State unemployment rate had dropped to 9%, and the national level was at 7.5%. In order for the Los Angeles unemployment rate to drop to the State’s level of 9%, just over 17,000 currently unemployed Angelenos would need to land a job. To get down to the national level of 7.5%, almost 46,000 LA residents would need to secure employment. A daunting challenge!

The Leisure & Hospitality sector is well positioned to play a significant role in increasing local employment. Leisure & Hospitality is already one of the largest sectors in our local economy – employing over 400,000 people (see table below).



Based on past performance, we can project that as the national and international economies continue to improve, tourism and leisure activities will likely grow at a faster rate than other sectors. As shown below, thanks to aging Baby Boomers, the Health Services sector has shown steady employment growth over the last 20 years—over 30%.

Even with the dip during the Great Recession, the Leisure & Hospitality sector (up 26.8%) has performed close to Health Services and much better than most other sectors. With the recovering economy and the Action Items proposed in this report, we expect to see that employment growth rate continue at an even more accelerated rate.



In addition to the beneficial impact the Leisure & Hospitality sector has on employment, it has perhaps an even greater effect on the local economy and to the City of Los Angeles' budget.

According to the Los Angeles Tourism and Conventions Board, in 2012, visitor spending produced \$30.5 billion in economic impact to the Los Angeles County:

- Visitor direct spending was a total of \$16.5 billion on tourism:
  - Lodging \$4.4 billion
  - Food/Beverage \$4.3 billion
  - Transportation \$3.2 billion
  - Entertainment \$1.7 billion
  - Shopping \$1.8 billion
  - Other \$1.1 billion

- The \$16.5 billion direct spending associated with tourism led to an additional secondary economic impact of \$14 billion, for a total of \$30.5 billion.

Taxes and assessments generated by this economic activity contributed over \$2 billion in revenue:

State tax revenue	\$1.1 billion
Local sales tax revenue	\$186.3 million
Other Local tax revenue	\$436.9 million
Transient Occupancy Tax	\$421.9 million
Tourism Market District	\$17.1 million

### III. MISSION STATEMENT

(draft for discussion purposes only)

*"The Mission of the Los Angeles Convention Center is to attract and host 'City Wide' conventions and events in Los Angeles by partnering with local businesses to offer a world class destination with world class facilities, service, and experience for our clientele and visitors. To be instrumental in the continued growth and development of local tourism, hospitality, retail, sports, and entertainment venues; to introduce and connect visiting convention attendees and their families to the great and diverse cultural destinations and experience that abounds in Los Angeles; and to serve as an economic and jobs engine for our great city."*

### IV. SUMMARY OF ACTION ITEMS

In order to assure that the City of LA takes maximum advantage of the economic upswing in the Leisure & Hospitality sector, the new LACC is proposing to take the following actions:

#### A. Enhance the management of the Los Angeles Convention Center

1. Work with the CAO, CLA, and City Attorney to finalize the selection process for the private contractor and, subject to City Council and Mayoral approval, begin the transition.
2. Work with the City Attorney to finalize an ordinance to reconstitute the LACC, with a broader mission to provide guidance for the development and implementation of a citywide tourism strategy.
3. Work with the Bureau of Engineering (BOE) and Bureau of Contract Administration (ConAd) to finalize a conceptual plan for New Hall.
4. Stay on the forefront of "New Media" to promote a customer friendly orientation to conventions and tourism.
5. Maintain and communicate the high priority placed on public safety.

6. Develop metrics to measure success of this new model and a transparent format for reporting the information to the Mayor, City Council, stakeholders, and general public.

**B. Travel and hospitality**

1. Work with the Mayor, City Council, and the new Economic Development Department (EDD) to promote the development of 5,000 more hotel rooms in the City (4,000 of which will be in the Sports and Entertainment District) by 2020.
2. Work with Los Angeles World Airports (LAWA) to enhance the travelers experience in and around Los Angeles International Airport (LAX).
3. Promote citywide transportation efforts and instill a public transit orientation for visitors and tourists by developing specific initiatives in conjunction with the City's Department of Transportation (DOT) and Los Angeles County Metropolitan Transportation Authority (Metro).
4. Build a direct working relationship with other business associations which touch on tourism.
5. Build a strong working relationship with the foreign consulates in Los Angeles to promote and facilitate international travel and local international events here in Los Angeles.
6. Promote retail shopping within the City by tourists and visitors.

**C. Support the expansion of sports venues in the City**

1. Provide support to the Mayor, City Council, and AEG to secure an NFL Team for the proposed Farmer's Field/Event Center.
2. Advocate and support USC assuming management control of the Memorial Coliseum and Sports Arena in Exposition Park.
3. Pursue a professional soccer team and stadium in the City.
4. Work with the new owners of the LA Dodgers to better include the iconic venue, and its additional potential, into the City's overall marketing strategy.

**D. Support the expansion of entertainment venues in the City of LA**

1. Work with Universal Studios to support the development and marketing of its Master Plan and the new Harry Potter Theme Park.
2. Work with the Cultural Affairs Department to develop a strategy for better incorporating cultural tourism into the City's overall marketing efforts.
3. Work with the Port of Los Angeles (POLA) to promote and support the Cruise Terminal, Ports of Call and other San Pedro waterfront attractions.

4. Support the “Bring Back Broadway” initiative and the revitalization of the downtown LA’s Broadway Theater District.
5. Work with the Department of Recreation and Parks to better incorporate the City’s public assets, such as the Griffith Observatory, the LA Zoo, and the many golf, tennis, and park opportunities into the City’s overall tourism marketing strategy.

## **V. DESCRIPTION OF PROPOSED ACTION ITEMS**

### **A. Enhance the Management of the Los Angeles Convention Center**

#### **1. Implement Privatization of LACC**

The new model adopted by the Mayor and City Council in 2012 (CF# 09-0600-5159) called for the professional day-to-day administration of the Convention Center to be done by a private sector operator under contract with the City. Such an approach is consistent with top performing convention centers across the nation and is considered essential to maximize the City of LA’s competitive success:

CONVENTION CENTER	CITY	EXIBITION SQUARE FOOTAGE	OPERATING MODEL
Moscone Center	San Francisco	822,114	Private
Anaheim Convention Center	Anaheim	813,000	Municipal
<b>Los Angeles Convention Center</b>	<b>Los Angeles</b>	<b>719,575</b>	<b>Municipal</b>
San Diego Convention Center	San Diego	615,701	Private
McCormick Place	Chicago	2,670,000	Private
Orange County Convention Center	Orlando	2,100,000	Municipal
Las Vegas Convention Center	Las Vegas	2,000,000	Private
Georgia World Congress Center	Atlanta	1,400,000	State
Ernest M. Morial Convention Center	New Orleans	1,100,000	Private
George R. Brown Convention Center	Houston	853,500	Private

A Request for Proposal (RFP) process has been completed and selection of a contractor is scheduled for June, 2013.

The Convention Center’s “peak seasons” are Fall and Spring. Hence, it is very critical to reach a decision as soon as possible, so that the Interim Implementation Agreement can be started during the comparatively slow months of summer. If this window of opportunity is missed, it could result in having to wait until late November – January to undertake the transition. An additional six months of uncertainty would undercut client confidence and severely strain the remaining LACC’s staff’s ability to

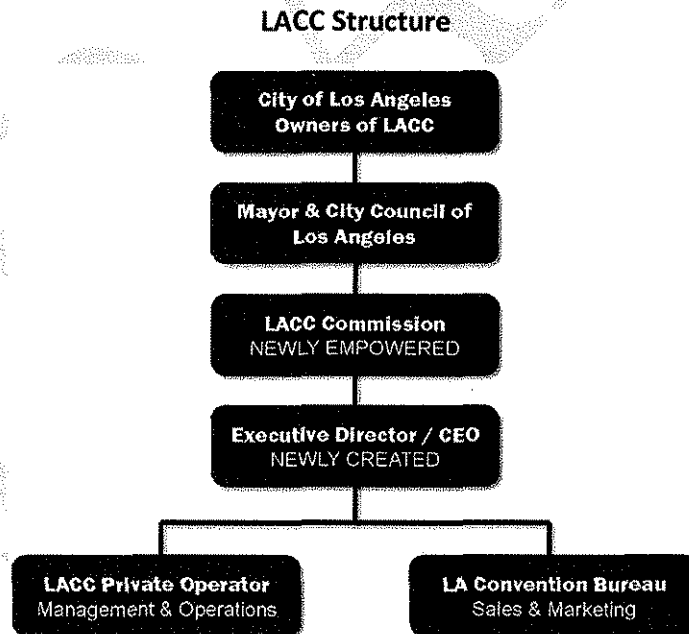
successfully manage the events which have been, or would be, scheduled

The seamless transition to the new model is LACC's top priority. It is absolutely essential to (1) assure no disruption in service for our customers and (2) secure employment of all current full and half time employees elsewhere in the City or with the new private operator, and to ensure ample opportunity for our intermittent part time staff.

## **2. Restructure Commission & Management of the Department to Reflect the New Orientation**

The new model adopted by the Mayor and the City Council also called for a reconstituted Commission and a newly created Executive Director. That ordinance is pending with the City Attorney and LACC staff will work with the City Attorney and City Clerk to bring it to the City Council before the end of June, 2013.

The contracts with both the Los Angeles Tourism and Convention Board (LATCB) and the new private operator will be managed by the LACC. The seamless "hand in glove" working relationship between the new LACC, the LATCB and the new private operator is another essential priority in order for this new model to achieve its maximum benefit to the City.



It is hard to overstate the significance of the fundamental change the Mayor and City Council have made to the City's approach to the important Leisure & Hospitality sector of our economy. Not only is the City adopting a private sector model for the day-to-day management and operation of the physical Convention Center itself, it is also fundamentally changing the relationship to, and thinking behind, its contract with



LATCB (which received 1% of the City Transient Occupancy Tax, currently \$12,048,000 for fiscal year 2012-2013. In the past, the LATCB reported to the City Administrative Officer (CAO). Although the working relationship had to be with the Convention Center, the contractual accountability and oversight was with the CAO.

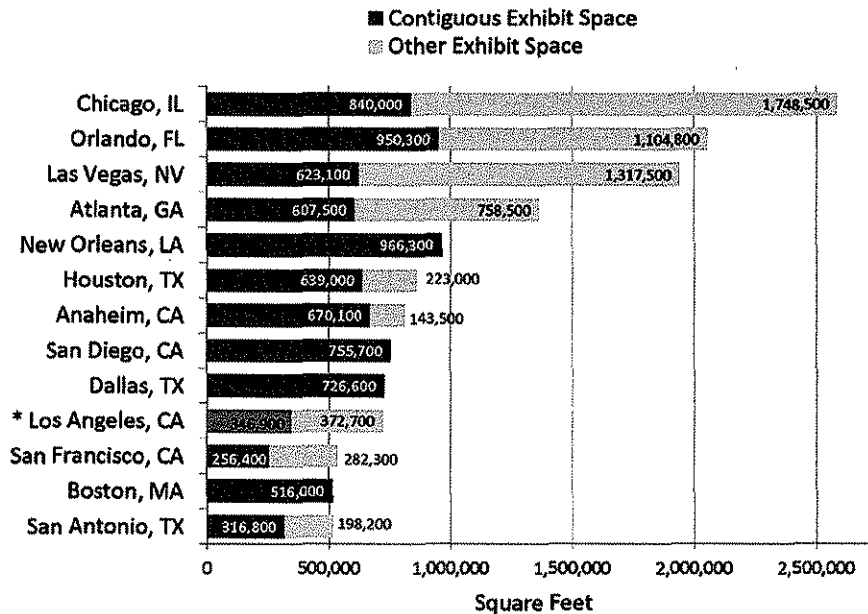
Moreover, the LACC and the LATCB had different missions. The LATCB receives its funding from a share of the TOT paid by guests at hotels in the City. The LACC receives its funding by rent it charges to users of the Convention Center. The LACC operating budget does not directly benefit from the TOT and the LATCB does not benefit from the rent charged at the Convention Center. The LATCB's focus is to attract out of town conventions and events which will cause people to stay in hotels. The LACC typically seeks to attract uses which will pay the highest rent—boat shows, car shows, home improvement shows, etc.—almost always with day visitors, who have no reason to stay at a hotel.

Most successful tourist oriented cities use their convention centers as “loss leaders” – they provide much discounted rent to major conventions, in order to get the “out-of-towners” who would stay in the hotels, eat in the restaurants, shop in the stores, etc. In LA, the Convention Center was expected to “operate in the black” by having its rent cover its operating expenses. This model also resulted in an unacceptable deference and/or elimination of maintenance, alterations & improvements, and capital improvements.

The Mayor and City Council have now totally changed that model. The newly constituted Commission and the newly created Executive Director have been charged with developing a model which directly benefits the City's overall economy, with a shift away from local shows and a much greater emphasis on large scale citywide conventions, sports, entertainment, cultured tourism and other activities which will generate more jobs for Angelenos and more revenue for the City's General Fund.

### **3. Modernize the LACC to make it more competitive at the national level**

Lack of space, particularly contiguous space, is an often stated reason for LA not being more competitive in the national convention market. According to a recent report done for the Los Angeles Tourism and Convention Board, “The existing LACC offers approximately 720,000 square feet of exhibit space, including Kentia Hall (which is substandard in terms of column grid and ceiling height). This space total ranks in the lower half of centers reviewed. At approximately 347,000 square feet, the contiguous space ranks below the majority of comparable and competitive centers.”



LACC staff is working closely with the Bureau of Engineering (BOE) and the Bureau of Contract Administration (ConAd) on the proposed “LACC New Hall Project”, which involves major modernization and benefit in replacing the West Hall facility to make way for the Farmer’s Field Event Center.

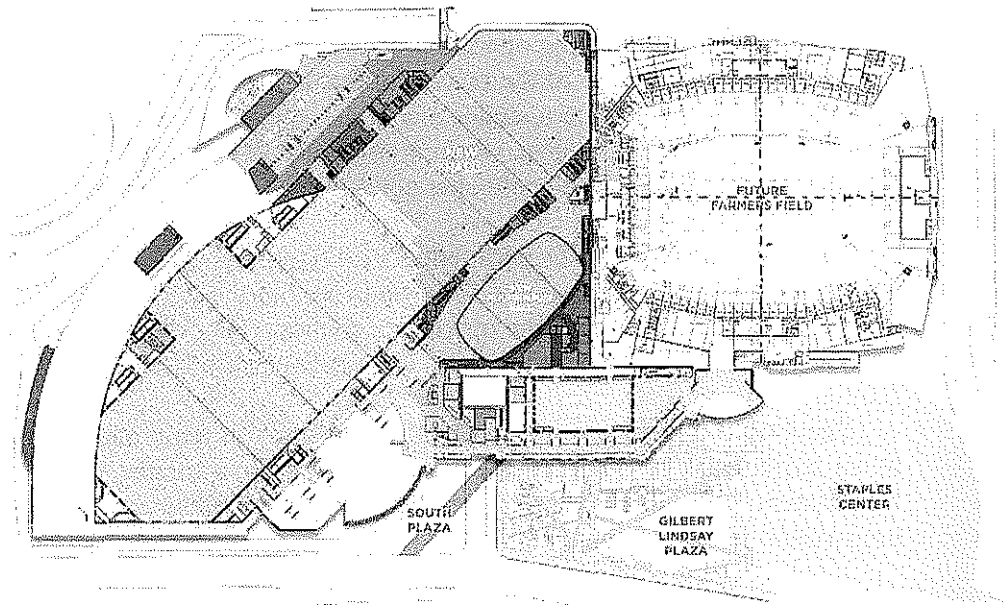
The New Hall project encompasses nearly 600,000 sq. ft of overall construction including nearly 200,000 sq. ft of new exhibit hall space, a 47,000 sq. ft ballroom and multipurpose space, several new meetings rooms and new lobby. In addition to overall modernization, one of the major benefits of the New Hall project is joining the new exhibit hall to the existing south exhibit hall, creating 543,000 sq. ft of prime “contiguous” exhibit space under one roof.

The proposed Farmer’s Field Stadium/Event Center immediately adjacent to LACC will add approximately 140,000 sq. ft of additional exhibit space as well as over 100,000 sq. ft of special event and meeting space to the City’s inventory, enhancing LA’s prominence and space offerings on a regional and national level.

#### LA Convention Center

	Existing LACC (current) in sq. ft	Modernized LACC w/ Event Center in sq. ft
Exhibit Space	720,000	846,000
Multi-Purpose Space	48,000	173,000
Meeting Space	102,000	102,000
<b>TOTAL</b>	<b>870,000</b>	<b>1,121,000</b>

## Expanded Convention Center Site Plan



### **4. Stay on the forefront of “New Media” to promote a customer friendly orientation to conventions and tourism.**

Tourism marketing historically relied heavily on printed maps, brochures, friendly guides, information kiosks, etc. In recent years both LACC and LATCB have done a good job of using websites, social media, and other electronic applications to broaden their outreach to visitors.

It will be essential for the new Department to continue and expand the role of technology in marketing the city and to use its role as manager of both the LATCB and new operator’s contracts to insure a unified approach to maximize new media to promote LA Tourism.

### **5. Maintain and communicate the high priority placed on public safety**

The tragedy at the Boston Marathon further heightened the sensitivity to the fact that even the most joyous occasions are vulnerable to criminal and terrorist attacks.

Despite major improvements which have made Los Angeles the second safest big city in America, LA can still occasionally suffer from the misconception that it is “unsafe”. A 2011 *Travel & Leisure* magazine survey rated LA 30<sup>th</sup> out of the 35 cities surveyed for safety.

Reputations change slowly. In all of the City’s marketing it is essential to stress

the immense improvements which have been made to improve the public safety in Los Angeles over the last ten years.

With privatization of the operation of the Convention Center, event security will become the responsibility of the private operator. However, as landlord of the facility and manager of the private operator's contract, the new Department will place a high priority on establishing a close working relationship between the Los Angeles Police Department (LAPD) and the new operator.

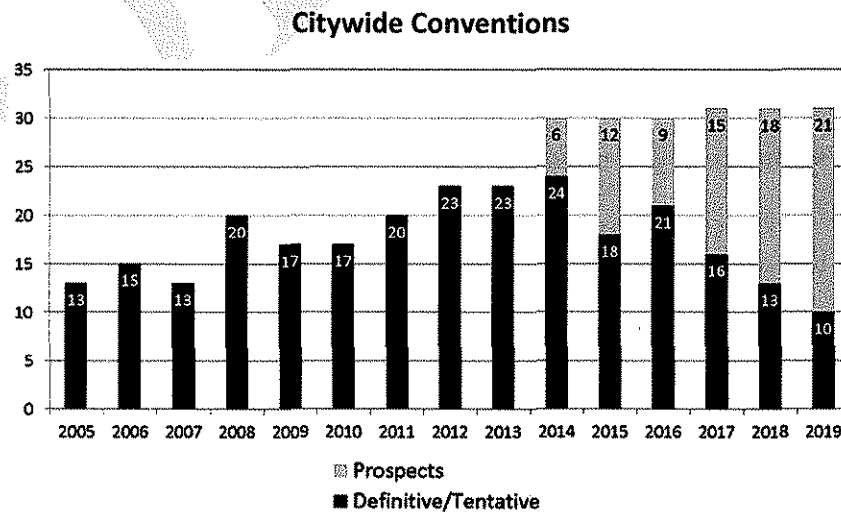
The Los Angeles Fire Department (LAFD) assigns a Fire Marshall to the LACC to oversee all life safety issues at the events held at the LACC. Again, as landlord of the building and manager of the operator's contract, the new Department will take the lead on establishing an ongoing relationship between the LAFD and the new operator.

The LACC also plays an important role as a major temporary shelter in the event of an earthquake or other disaster, as well as a base for the Red Cross. The new Department will also assume the responsibility to insure that those emergency preparation services are maintained.

## 6. Performance Metrics and Transparency

The new vision set forth for the LA Convention Center by the Mayor and City Council is a major paradigm shift. No longer will it be adequate to simply "run" the physical building itself. Now, the goal is to play a major leadership role in growing the overall tourism, sports, and entertainment sector of our economy on a citywide basis.

For example, the LATCB has already set a goal of achieving 50 million visitors by 2020. To help achieve that goal, the LATCB is projecting a steady growth in citywide conventions.



Because we will be pioneering new ground, we will need to develop appropriate new performance metrics to be able to quantifiably determine how successful we are at achieving our goals.

The new Department will provide quarterly reports to the Mayor, City Council and public, starting the first quarter of the upcoming new Fiscal Year, for these and other relevant metrics.

## B. Travel and Hospitality

1. Work with Mayor, City Council, and the new Economic Development Department (EDD) to promote the development of 5,000 more hotel rooms (4,000 in the Sports and Entertainment District) by 2020.

Clearly, the most often cited reason for the City of Los Angeles not being able to attract more national conventions is the lack of hotel rooms within walking distance of the Convention Center. See chart below for a comparison of other major Convention Centers and the number of hotel rooms in walking distance:

**Hotel Inventory**

FACILITY	HOTEL ROOMS WITHIN ½ MILE
Las Vegas Convention Center	16,700
Moscone Center (San Francisco)	12,000
Orange County Convention Center (Orlando)	11,000
Ernest M. Morial Convention Center (New Orleans)	8,600
Georgia World Congress Center (Atlanta)	8,300
San Diego Convention Center	8,200
Anaheim Convention Center	7,000
George R. Brown Convention Center (Houston)	3,300
<b>Los Angeles Convention Center</b>	<b>1,900</b>
McCormick Place (Chicago)	1,100

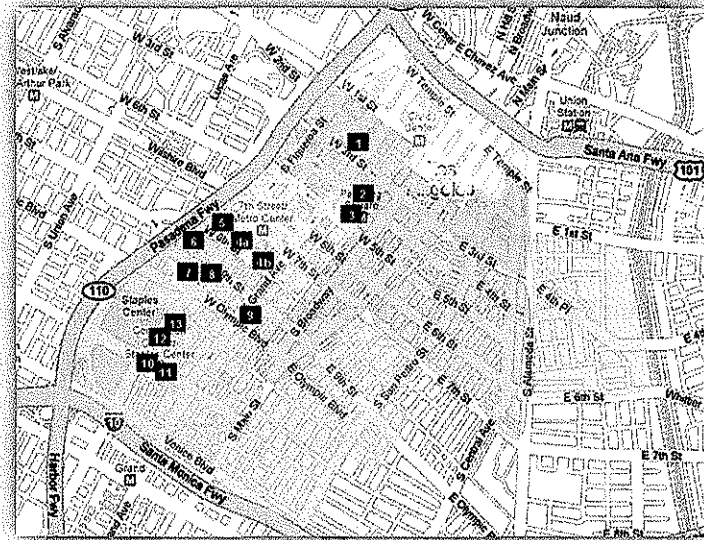
Overall, the Los Angeles County hotels are performing above the US average and the Top 25 markets for occupancy, average daily rates (ADR), and revenue per available room (RevPAR), as shown below:

**2012 Lodging Metrics**

Markets	Occupancy		ADR		RevPAR	
<b>LA County</b>	<b>75.4%</b>	<b>(+5.1)</b>	<b>\$130.12</b>	<b>(+5.6)</b>	<b>\$98.11</b>	<b>(+11.0)</b>
<b>Top 25 Markets</b>	<b>68.6%</b>	<b>(+3.1)</b>	<b>\$129.25</b>	<b>(+4.5)</b>	<b>\$88.67</b>	<b>(+7.8)</b>
<b>U.S. (National Average)</b>	<b>61.4%</b>	<b>(+2.5)</b>	<b>\$106.10</b>	<b>(+4.2)</b>	<b>\$65.17</b>	<b>(6.8)</b>

The benefits of a modernized Convention Center combined with the additional space of the Event Center (over 1,000,000 sq. ft combined), a refurbished Coliseum, the prospect of a professional soccer team/stadium, a new emphasis on cultural tourism, etc., certainly opens the door to a new generation of hotel construction. As the map below shows, there are ample sites available for new hotel construction, with particular emphasis being placed on at least one additional convention hotel with over 1,000 rooms.

**Map of Potential Hotel Sites**



A larger task than identifying suitable sites is the always daunting challenge of securing financing. The CLA is in the process of developing a comprehensive financial assistance program.

In addition to the 4,000 rooms needed in the Sports and Entertainment District of downtown, the LACC will also pursue the construction of at least 1,000 rooms elsewhere in the City, such as Westfield's West Valley Village Project, in Century City, Hollywood, the USC Village Project in South LA, at the strategic Metro sites in North Hollywood and Universal City and perhaps as part of the new Ports of Call redevelopment in San Pedro, just to name a few.

## **2. Work with the Los Angeles World Airports (LAWA) and local Business Improvement Districts (BID) to enhance the traveler's experience in and around the Los Angeles International Airport (LAX)**

Until recently, no major work had been done at LAX since the 1980's. The international and other terminals had become an embarrassment to the City and a definite impediment to enhancing travel and economic growth.

The \$4 billion in new construction at the Tom Bradley International Terminal will

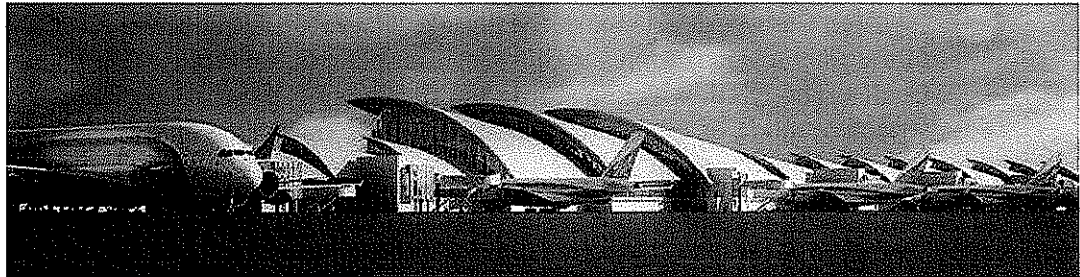
open for business in the fall of 2013 and will usher in a whole new chapter for LAX. Work on the domestic carrier terminals, the consolidated car rental facility and improved transit service will keep that positive momentum going.

The new LACC will work with LAWA to develop a strategy to help provide an improved traveler experience in and around LAX. God help the international traveler who gets off a plane today and tries to figure out how to get to downtown, Hollywood, or even the closest hotel.

In point of fact, the LATCB has an excellent website and a wealth of helpful information. We simply need to better incorporate everything the City does in a more strategic tourism marketing strategy to improve the overall traveler experience.

LAWA is certainly doing its share of the physical improvements; it is now up to the new vision of the LACC, working through its contract with the LATCB, to “up its game” on the “people” side of the equation.

#### **New Tom Bradley International Terminal**



### **3. Promote citywide transportation efforts and instill a public transit orientation for tourists and visitors.**

As the most-cited city characteristic from respondents to a 2011 study done by the LATCB, the difficulty of getting around Los Angeles is an undeniable challenge for LA's tourism sector. In the 2011 *Travel & Leisure* magazine survey, Los Angeles rated 33<sup>rd</sup> out of 35 cities surveyed for “Public Transportation & Pedestrian Friendliness”.

According to the Texas Transportation Institute's annual Urban Mobility Report, Los Angeles suffers from the third worst traffic congestion in the nation, after Chicago and Washington DC. Unlike Chicago and DC, Los Angeles does not yet have comprehensive public transportation system to help alleviate traffic on the roads.

Although there has been immense progress in recent years, there are many lapses in the City's public transit network that will be vastly improved.

The Exposition Line Extension to Santa Monica, to be opened in 2016, would connect downtown to the beaches, a major attraction to those visiting LA. The forthcoming Crenshaw Line scheduled to open by 2018 will link the airport to the Exposition Line, enabling easy transfer to downtown or Santa Monica.

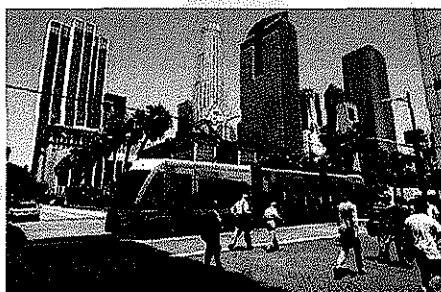
The new Department will work closely with Metro to promote a better understanding of the existing and upcoming transit options in Los Angeles.

The new Department will also work with the City's Department of Transportation (DOT) to promote greater awareness of the utilization of the City DASH system, as well as work to improve the City's regulated taxi service.

A couple novel and less comprehensive transportation additions include the planned Downtown LA Streetcar and developer Rick Caruso's midcity trolley idea.

The Downtown Streetcar, a modern fixed-rail streetcar system, will offer a convenient and easy to navigate mode of transportation connecting many of Downtown's bustling locales and integrating with the existing urban development.

Rick Caruso, developer of the popular Grove shopping center, is pushing the idea of a trolley to run from his mall to other attractions, such as LACMA and the Beverly Center. Though this idea is still in the preplanning stage, it could serve as a fun and attractive mode of transportation that supports commerce and tourism, key tenets of LACC'S new mission.



**Proposed Downtown LA Streetcar**



**The Grove Trolley**

**4. Build a strong working relationship with other business associations which touch on tourism.**

For the LACC, LATCB, and the new private operator of the Convention Center, promoting tourism is a major component of our "core business".

Many business associations, such as the Chamber of Commerce, Central City Association, Valley Economic Alliance, LA County Economic Development Corporation, and the LA Business Council deal with tourism issues along with a great many other responsibilities.



The new LACC will work to build an ongoing relationship with these other business associations to promote our common interest in tourism and hospitality.

**5. Build a strong working relationship with the foreign consulates in Los Angeles.**

The new LACC will work with the Mayor's Protocol Office to develop a working relationship with the many consulates in the City to address issues of mutual interest to promote international tourism and travel.

According to the Los Angeles Tourism and Convention Board, international visitors spend **70% more** per visit to Los Angeles than domestic travelers, and tend to stay longer and shop more. International visitors to Los Angeles only represent 20% of overnight visitors to LA, but account for over one third of all overnight visitor spending. International visitors are also projected to increase dramatically over the next decade, especially from fast-growing countries in Asia and Latin America where Los Angeles already has strong cultural and economic ties.

Mexico and Canada have historically (and still do) top the list of countries which feed visitors to Los Angeles. China has now moved to the #3 position (followed by Australia and the UK) and we can expect tourism and visitors from the Asian Pacific countries to continue to grow at an even more accelerated rate.

International Markets	2012	% Change over 2011
Mexico	1,651,000	2.6%
Canada	700,000	3.7%
China (excluding Hong Kong)	459,000	35.5%
Australia	387,000	-3.1%
UK	318,000	-11.8%
Japan	289,000	0.1%
France	273,000	-19.2%
South Korea	233,000	-1.4%
Germany	224,000	0.8%
Total International	6,010,000	1.2%

**6. Promote retail shopping within the City by tourists and visitors**

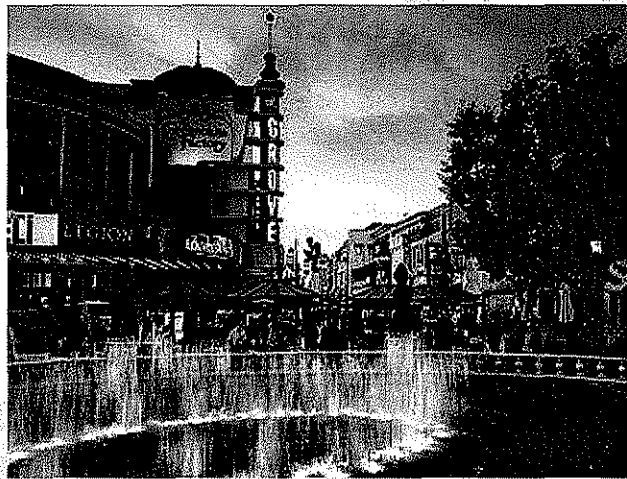
Unfortunately, the City of Los Angeles does not have a comparatively strong retail base. Out of the 520 cities and unincorporated communities in the state, Los Angeles ranks #298 in terms of sales tax revenue per capita.

In 2012, the City received \$118 per capita in sales tax revenue. Most of our

contiguous neighbors did much better. For example, Beverly Hills - \$773, El Segundo - \$572, West Hollywood - \$373, Santa Monica - \$368, and Burbank - \$286.

For visitors to downtown and the Convention Center, the opportunities to go shopping are particularly limited. Brookfield Properties recently upgraded the Figat7th shopping center and the Ratkovich Company has major plans for the Macy's Plaza. However, downtown still needs significantly more retail opportunities.

The new LACC will work with the Economic Development Department to support its efforts to bring more retail to downtown. It will also promote existing retail by including nearby centers, such as the Grove and the Beverly Center. LACC will also advocate for improve public transportation to all of the nearby shopping locations.



**The Grove**

### **C. Support the expansion of sports events in the City**

#### **1. Event Center / NFL Stadium**

Downtown Los Angeles has gone through an incredible renaissance during the last ten years. Many factors contributed to that success – such as Disney Hall, the Cathedral, residential construction, the subways and the Adaptive Reuse Ordinance. However, no other single factor has been more essential than the phenomenal success of L.A. Live (and its relationship with Staples).

With the Great Recession came a virtual halt to new construction for a couple of years, resulting in downtown hitting a certain plateau. A new generation of economic growth has started, but a new stimulus, similar to what L.A. Live provided, is now needed to push downtown to a whole new level.

The proposed new Event Center/NFL stadium can be that catalytic game changer.

The LACC's aging West Hall provides an incredibly strategic location – within blocks of major mass transit lines, at the intersection of two freeways, accessible by a grid of major arterial surface streets, adjacent to L.A. Live, Staples, and the Convention Center, with thousands of vacant parking spaces available on weekends and evenings. It is truly positioned to be one of the premiere sports and entertainment districts in the nation, and probably in the world.

A football stadium in downtown could also, ultimately, be a preferable home field for the UCLA Bruins.

One of the new LACC's highest priorities will be to work with the Mayor, City Council, AEG, other City departments, and stakeholders to turn that dream into a reality.

Although often referred to in the context of, "the return of the NFL to Los Angeles," the new Event Center is designed to be much more than that. By being integrated into the Convention Center and adjacent to L.A. Live and Staples, it provides a unique large venue that can be used for innumerable events and activities far beyond just football.

#### Farmer's Field



Per its agreement with the City, AEG has until October, 2014 to secure an NFL team for Los Angeles. Although a full and faithful commitment to that contract must, and will, be the City's clear obligation, the City also has a responsibility to the people of LA to have a "fall back" plan, should AEG not be able to fulfill its commitment.

The LA Convention Center is currently an underperforming asset and the City needs to better maximize its full potential, with or without an NFL stadium. Accordingly, the City Council has directed the CLA, CAO and LACC to develop an alternate plan. Work on that plan is currently on-going.

In the meantime, the new LACC will provide any and all needed support to AEG, the City Council, and the Mayor to achieve the primary goal of bringing a stadium/NFL team to the site of LACC's current West Hall. No one should mistake

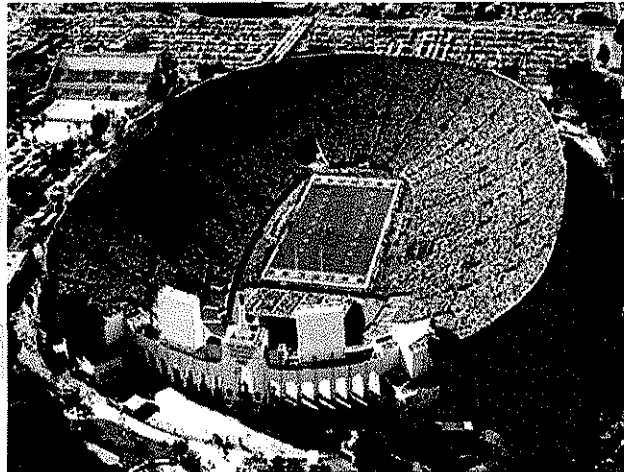
the work on "Plan B" as any diminution of the City's commitment to AEG and the West Hall site.

Indeed, not only should the City fully honor its contractual obligation to AEG, it is the recommendation of this report that the City should also use its considerable political and economic influence to oppose any other possible NFL location anywhere in LA County, other than at the Convention Center site.

**2. Advocate and support USC assuming management control of the Memorial Coliseum and Sports Arena in Exposition Park.**

Perhaps the most tarnished jewel in all of Los Angeles is the sad state of affairs at the Memorial Coliseum, brought on by decades of mismanagement and neglect.

Fortunately, there is a light at the end of the tunnel with the prospect of USC taking over management control of the legendary stadium and returning it to its former glory. If USC was willing to spend over \$200M to build a basketball and volleyball arena (the Galen Center), what would the Trojan Alumni be willing to spend to build a suitable home field for its beloved football team?!



**Los Angeles Memorial Coliseum**

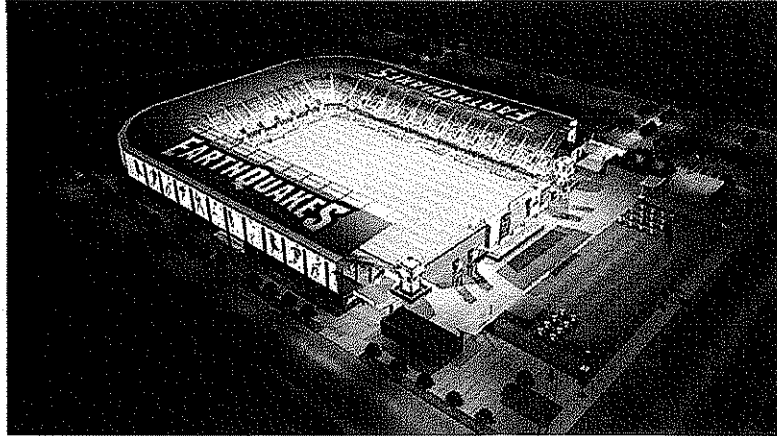
As bad as the Coliseum is, the Sport Arena has deteriorated to a point of probably being beyond repair.

The new LACC will be an advocate and support USC in its efforts to take over management control of the Coliseum and the Sports Arena and thereafter include the myriad of new opportunities at these two strategically located venues in the City's overall tourism marketing strategy. A decision on the final element, parking, is anticipated by the summer of 2013.

**3. Pursue a professional soccer team and stadium within the City of Los Angeles.**

Los Angeles is already fortunate to have such outstanding professional sports teams as the Lakers, Dodgers, Clippers and Kings. After an absence of over 20 years, the possibility of the return of a professional football team seems almost within reach.

**New San Jose Earthquakes Soccer Stadium under Construction**



An additional beneficial element to the City of Los Angeles market would be a professional soccer team. The new LACC will take a leadership role in working with the Mayor and City Council to identify a team, a potential site and a viable business plan prior to the end of calendar year 2013.

**4. Work with the new owners of the Los Angeles Dodgers to better include that iconic venue, and its additional potential, into the City's overall marketing strategy.**

You have to love the LA Dodgers new marketing message:

A Whole New Day  
A Whole New Team  
A Whole New Blue

The City's beloved baseball team has gone through some rough years. The Guggenheim Group spent over \$100 million upgrading the venerated stadium prior to the opening of the 2013 season. More improvements are on the way as the team returns to the glory of past years.

There are only 101 home games, with the potential of another 23 days leading to a World Series Championship. With a 56,000-seat stadium and 300 acres of land, Dodger Stadium has the potential to be an even bigger factor in the City's local economy.

The LACC will support and work with the LA Dodgers, to help them achieve their long term goals and to incorporate those endeavors into the City's overall marketing strategy.



**Dodgers Stadium**

**D. Support the expansion of entertainment venues in the City of Los Angeles**

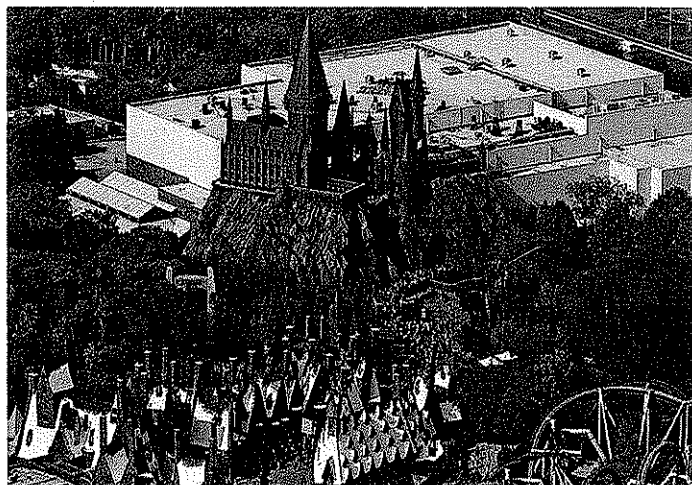
**1. Work with Universal Studios to support the development and marketing of its Master Plan and the new Harry Potter Theme Park.**

Universal Studios is uniquely divided between being in the City of Los Angeles and unincorporated County of Los Angeles. In fact, the City limits pass right through the middle of the new studios being built for KNBC and Telemundo. The new \$1 billion Harry Potter Theme Park is in unincorporated territory, but a new hotel will be built on land to be annexed into the City of Los Angeles.

Although it might make sense to eventually annex all of Universal City into the City limits of Los Angeles, it makes absolutely no difference to the visiting tourists from China or Iowa where the governmental boundaries are located. Whether going to Universal Studios, shopping in Beverly Hills, or surfing in Santa Monica, visitors seek the overall Southern California experience.

The new vision for the LACC will embrace Universal Studios and the proposed new Harry Potter Theme Park, to be opened in 2015 or 2016 and incorporate it into the City comprehensive tourism strategy.

## Wizarding World of Harry Potter at Universal Studios Orlando



### 2. Work with the Cultural Affairs Department to develop a strategy for better incorporating cultural tourism into the City's overall marketing strategy.

According to the Los Angeles Tourism and Convention Board, cultural tourists spend **50% more** during their visits than standard visitors. These are visitors whose primary interest in visiting a destination is to participate in activities such as art galleries/museums, concerts/plays/musicals, cultural events/sites, and historical places. In the 2011 *Travel & Leisure* magazine survey, Los Angeles rated 25<sup>th</sup> out of the 35 cities surveyed as a “cultural get away”.

For decades, the City of Los Angeles long suffered the undeserved reputation as a cultural backwater compared to New York, San Francisco, and Chicago. That markedly changed with such major new venues such as Disney Hall (opened in 2003) and the Getty Museum (opened in 1997).

Two dramatic new venues, the Broad Museum (to open in 2014) and the American Motion Pictures Academy (AMPAS) Museum (to open in 2017), plus the massive renovation of the Los Angeles County Museum of Art (LACMA) will further add to the City's vast collection of cultural assets, including, but not limited to:

Dorothy Chandler Pavilion  
Mark Taper Forum  
Ahmanson Theater  
MOCA  
Gene Autry Museum  
Greek Theater  
Simon Wiesenthal Center

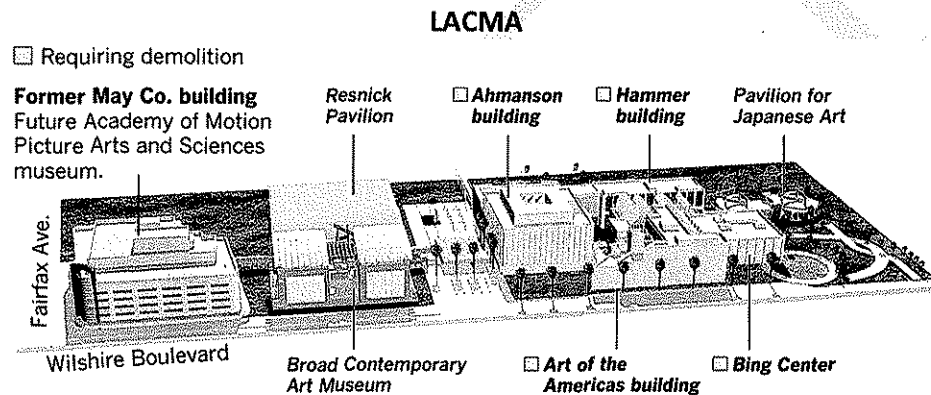
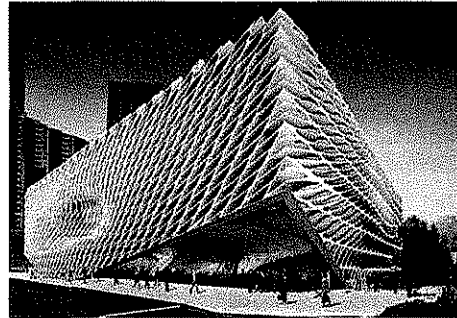
Geffen Theater  
Hollywood Bowl  
Natural History Museum  
Space & Science Museum  
Grammy Museum  
Los Angeles Museum of the Holocaust  
Walt Disney Concert Hall

The new LACC will work with the Department of Cultural Affairs and other stakeholders to incorporate a significant emphasis on cultural tourism into the City's overall marketing strategy.

**Proposed AMPAS Museum**



**Broad Museum**



**3. Work with the Port of Los Angeles (POLA) to support and promote the Cruise Terminal, Ports of Call and other San Pedro waterfront attractions.**

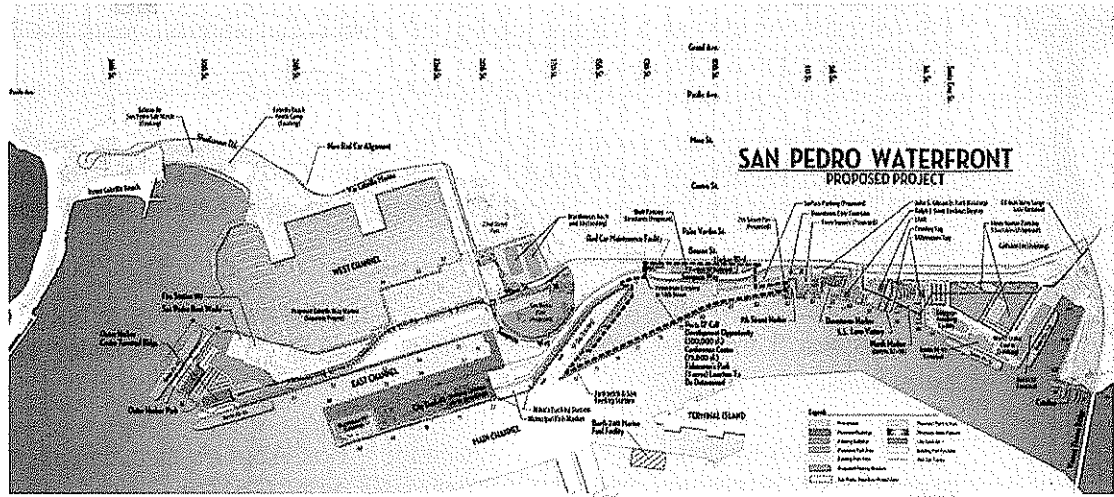
The Port has in its long term plans the construction of a new Cruise Terminal. However, our primary cruise market is along the western coast of Mexico and that area has been devastated by the violence, significantly undermining the cruise market.

We still have cruises operating out of San Pedro, but it is hard to predict when it might become a more substantial component of our overall tourism economy. Mexico is the top international provider of visitors to Los Angeles and the new LACC will place a particular emphasis on further enhancing mutually beneficial tourism between our two countries.

In the meantime, LACC will work with POLA and be supportive of all of the incredible work that is being done with Ports of Call, the USS Iowa and all the other major improvements along the waterfront.



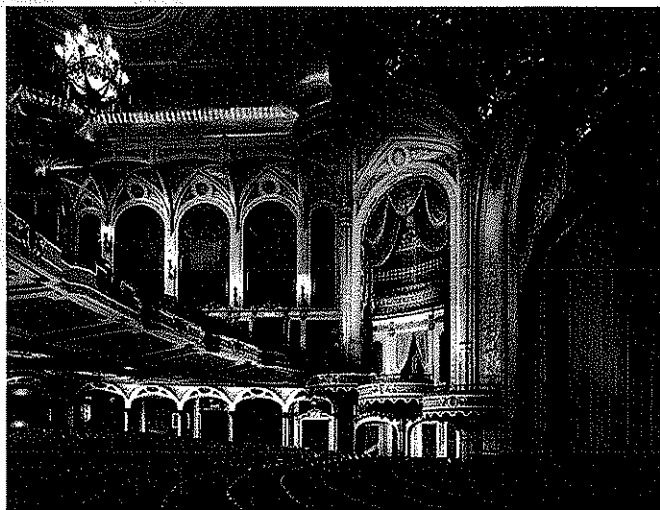
## POLA Proposed Project Map



4. Support the "Bring Back Broadway" initiative and the revitalization of the downtown LA's Broadway Theater District.

Restoring Broadway is considered a very high priority for downtown because of its historic and cultural value, and overall impact on the revitalization of central city.

The initiative will reactivate neglected theaters and millions of square feet of vacant commercial space, assist retailers and prevent further retail vacancies, implement infrastructure improvements, increase parking and transit options to serve Broadway, encourage cultural, entertainment and retail uses. Such revitalization will sustain generations, and create a sense of place and history through urban planning and design and historic preservation.



## The Orpheum Theater

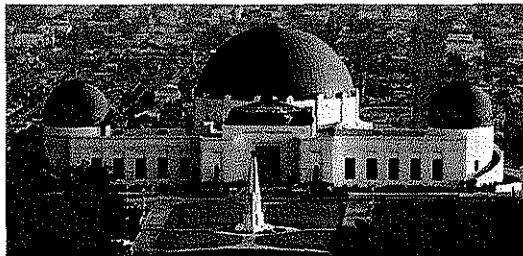
The turnaround of Broadway is an extensive goal that will likely take at least another decade to complete. The "Bring Back Broadway" initiative will reestablish the historic corridor as a vibrant center of culture and entertainment for locals and tourists for generations to come.

**5. Work with the City's Department of Recreation and Parks to better incorporate the City's vast inventory of public assets into the City's overall marketing strategy.**

Most tourists probably came to Southern California thinking about Hollywood, the beaches, Universal Studios, and maybe one or two other major commercial attractions.

In addition to that vast array of attractions, Los Angeles also has an impressive inventory of leisure activities and venues, such as to Griffith Observatory, the L.A. Zoo, 258 parks, 13 municipal golf courses, 67 public tennis courts, hiking trails, horse riding, etc. Many tourists and business travelers might want to get in a round of golf or play a tennis match, but don't know where to go.

The new LACC will work with the Recreation and Parks Department to insure that knowledge of, and access to, these recreational resources is a significant part of the City's overall marketing strategy.



**Griffith Observatory**



**L.A. Zoo**

## **E. CONCLUSION**

On the one hand, the proposed action listed above to help frame the City's first comprehensive citywide economic development strategy for the Hospitality and Tourism sector might seem very ambitious. However, as noted in the introduction to this report, many of these items are already underway or have been percolating for some time. Typical to LA, each element has been proceeding on its own path. The difference now is that the new vision of the LACC, with a reconstituted Commission and a more empowered Executive Director, is a concerted effort to "connect the dots" and view all of these efforts in the context of a more articulated and coherent tourism strategy.

The staff of the new LACC is excited and honored to be given the opportunity to turn this vision into a reality.