


# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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DATE: February 10, 2014

TO: Honorable Members of the Economic Development Committee

FROM: Gerry F. Miller   
Chief Legislative Analyst

## SHORT-TERM CAPITAL IMPROVEMENTS FOR THE LOS ANGELES CONVENTION CENTER

### SUMMARY

At its meeting of December 18, 2013, Council approved a recommendation relative to the identification of short-term capital improvements needed at the Los Angeles Convention Center (LACC) (CF 13-0762) to ensure that the LACC continues to meet the needs of its clients and is prepared to compete for national convention business.

The Council instructed the Chief Legislative Analyst (CLA) to report with an evaluation of short-term improvements and a strategy to address those needed improvements. The following provides short-term improvement information developed by the LACC, City Administrative Officer (CAO), and Bureau of Engineering (BOE) after consultation with LACC building operations staff, convention clients, and the LACC private operator, as well as review of reports from Convention, Sports and Leisure (CSL) and the Urban Land Institute (ULI). Recommended short-term improvements have been prioritized based on importance for client service, public safety, and revenue generation, in addition to consideration of significant development proposals.

### RECOMMENDATION

That the Council note and file this report.

### BACKGROUND

The last major expansion and renovation of the LACC occurred in the 1990s with construction of the South Hall and Concourse Hall. Over the last five years, significant improvements and facility upgrades were postponed while the City evaluated the proposal to construct the New Hall and Event Center (NH-EC) project. Since that project involves the demolition of the West Hall and construction of a replacement exhibition hall, meeting rooms, and a ballroom, it would not have been financially prudent to invest in significant improvements to the LACC until the outcome of that project was determined.

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At this point, the Implementation Agreement related to the NH-EC project expires in October 2014. Although the NH-EC project, also known as Plan A, is the City's preferred approach, Council has instructed staff to prepare an alternative development scenario for the LACC to ensure that it remains competitive for national convention business. The alternative is known as Plan B and involves expansion and renovation of the LACC should the NH-EC project expire.

The Plan B process involves the identification of both short-term and long-term improvements. This report addresses an approach to resolve immediate, short-term capital needs of the LACC.

As noted in a previous report, the CLA retained the ULI to convene a Technical Assistant Panel (TAP) to evaluate options for the LACC should the contract with AEG expire. The resulting report, released in August 2013, identified a number of critical improvements and concepts that should be incorporated into alternative development plans, referred to as Plan B, for the LACC.

In addition, the CLA retained Convention, Sports, and Leisure (CSL) to provide background data concerning the current needs of convention centers and a review of the LACC in comparison to those needs. The resultant report identified a number of improvements that would improve the LACC.

Studies by CSL and the ULI identified a series of improvements necessary to advance the LACC program. Among these, certain improvements to the LACC could be accomplished with modest funding, initiated quickly, and address key issues identified in the CSL and ULI reports. These would include improvements such as the creation of informal gathering places, improvements to digital connectivity and service delivery, and aesthetic improvements.

An important criteria for short-term improvements is that these projects would not negatively impact or constrain long-term, significant improvements that are necessary, such as creation of a ballroom. It is essential that no funding is spent on improvements that would only be torn out in a year or two when large-scale improvements are implemented.

### **Short-Term Improvement Prioritization**

Staff have identified several improvements, which are described in detail in Appendix A. Initial cost estimates have been obtained for many of these. In addition, they have been prioritized into four key categories:

1. Improvements that have a sense of urgency, that can be accomplished without delay, and are not dependent upon design or funding in association with either Plan A or Plan B;
2. Non-urgent but important improvements that can be accomplished without delay in either a Plan A or a Plan B scenario;
3. Essential improvements that would not be needed under Plan A and are dependent upon design criteria under Plan B; and

4. Enhancements that can be implemented in a Plan B scenario, but are dependent upon conforming architectural review and design with other elements of Plan B.

These criteria seek to ensure efficiency in the use of available funding. Priority is placed on improvements that are urgently needed and would be necessary under, and unaffected by, either development scenario. Lower priority is placed on those improvements that are dependent upon one or another development scenario. It is essential that funds are not spent on an improvement that will then be affected by an expansion project.

### **Improvement Criteria**

Staff evaluated short-term improvements based on several key criteria:

- Public safety
- Customer service
- Revenue generation
- Innovation/technology
- Sustainable City

The highest priority was placed on improvements that contribute to public safety. It is essential that the LACC facilities and environment remain safe and comfortable for patrons.

Customer service was also identified as a significant priority. The facility must provide the services, comfort, aesthetic appeal, and ease of use necessary to remain competitive in the convention center market. Worn carpets and faulty air conditioning do not provide customers with the confidence that they will receive a quality experience during their event.

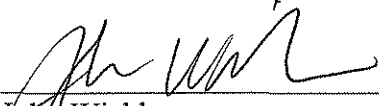
Improvements that can also generate additional revenue were prioritized as well. An upgrade to parking equipment provides an opportunity to move from a cash-transaction business model, with its inherent flaws, to an electronic service that provides greater control over the revenue exchange. Improvements of this nature ensure that additional funding is available to operate the LACC.

Finally, improvements that meet innovation/technology and sustainable city ideals create strong marketing opportunities for the LACC. Many potential clients are concerned with their environmental footprint and prefer to select facilities that have programs, services, and facilities in place to address these issues. Likewise, many clients and their participants are looking for technology solutions to enhance their convention experience.

### **Funding Solutions**

The items presented in this report have been provided to the CAO for consideration in the upcoming City budget for FY 2014-2015. The budget deliberations in April are an appropriate time to consider priorities in the context of the City's overall capital improvement needs. Until further information is available concerning whether the City will pursue Plan A or Plan B, funding should be focused on those improvements that are not impacted by the ultimate development path.

Other items on the list should be considered either: (1) in future annual City budget deliberations or (2) in funding actions related to implementation of Plan A or Plan B. Once a definitive development plan is established, the City can better determine how and when certain improvements can be funded.



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John Wickham  
Analyst

**APPENDIX A**

**LACC 5-Year  
Capital Improvement Plan**

**LACC 5-Year Capital Improvement Plan  
Organized for Plan-B Consideration**

Item #	LOS ANGELES CONVENTION CENTER	Plan-B Project Type	Priority Outcome Category	5 Year Prioritized Infrastructure Capital Plan (CIEP)					R E V I S E D 01/30/14
				2014-15 FY	2015-16 FY	2016-17 FY	2017-18 FY	2018-19 FY	
1	<p><b>Equipment / Infrastructure</b></p> <p><b>Security Surveillance Replacement Program</b> - Upgrade entire video surveillance system including new operating system, console/control/monitoring station, increase data storage capacity, create secured server room, install 120 new IP cameras and associated cat-6 cabling. Need to verify pricing. The existing equipment is outdated, inferior, and insufficient. Many of the cameras are out of service. This project is critical the safety and security of employees, visitors and property.</p>	1	Public Safety	\$900,000					Est. Project cost \$900,000
2	<p><b>Electronic Parking Equipment Upgrades</b>- The existing electronic parking equipment is old and has been malfunctioning. Many of the repair parts are obsolete and no longer available. Parking revenues are one of the largest sources of funding at the Convention Center, and therefore, it is imperative that the parking system is reliable and functional to the greatest degree possible.</p>	1	Customer Service	\$1,100,000					\$1,100,000
3	<p><b>South Hall Floor Remediation</b>- Cracks in the concrete slab of the South Hall exhibit floor allow water intrusion that will weaken structural integrity by corroding the steel in the floor. Epoxy injection into the cracks is required to prevent further deterioration. Approximately 35% of the exhibit hall has been treated, with 65% remaining. If this condition is not mitigated the steel reinforcement of the floor will continue to weaken and may eventually require more costly repairs and a temporary closure of the hall.</p>	1	Public Safety	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$1,750,000
4	<p><b>South Hall Meeting Rooms HVAC variable frequency drive (VFD) Upgrades.</b> 3 of the 300 series Meeting Rms. have loud HVAC systems that cause disturbance to occupants and clients.</p>	1	Customer Service	\$70,000					\$70,000
5	<p><b>Carpet Replacement</b>- due to the high traffic usage and ongoing cleaning/shampooing, the existing carpet backing is deteriorating and the seams are parting, causing trip hazards. Additionally, the color is fading, and numerous stains cannot be cleaned. First year includes Concourse Hall and Concourse walkway, Hall-G, H&amp;J, and K lobbies, and southern end of Kentia lobby.</p>	1	Customer Service / Public Safety	\$300,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,100,000

**LACC 5-Year Capital Improvement Plan  
Organized for Plan-B Consideration**

Item #	LOS ANGELES CONVENTION CENTER	Plan-B Project Type	Priority Outcome Category	5 Year Prioritized Infrastructure Capital Plan (CIEP) Note: Figures are estimates. Quotes must be obtained for actual pricing					RE V I S E D 01/30/14
				2014-15 FY	2015-16 FY	2016-17 FY	2017-18 FY	2018-19 FY	
6	<p><b>Equipment / Infrastructure</b></p> <p><b>Concourse Hall HVAC System Upgrade:</b> Upgrade the HVAC system in Concourse hall with state of the art air distribution system to save energy, and to provide comfortable air distribution to meet client needs. Existing system does not allow for the varying demand clients require, resulting in unsatisfactory results in providing air conditioning and heating into the space. The DEOS system uses various sensors with VFD control to stratify the air in such a manner as to greatly reduce the speed in which air handling fans must run.</p>	1	Innovation/Tech hology	\$300,000					\$300,000
7	<p><b>West and South Halls moveable wall repairs-</b> the moveable walls are original to the building and due to the age and wear they are in need of repairs. The safe functionality of the moveable walls are critical to the operation of the Convention Center.</p>	1	Public Safety / Customer Service	\$125,000					\$125,000
8	<p><b>Sidewalk Repairs-</b> numerous uneven and lifted sidewalks caused by tree roots have created trip hazards and an unsightly condition requiring ongoing maintenance. Project includes sidewalks on LACC private drives as well as public street.</p>	1 & 3	Public Safety	\$120,000					\$120,000
9	<p><b>Colortran Dimming System:</b> Replace failing obsolete Colortran room lighting dimmer system with ETC Dimmer system. Replacement would be in the following order: Concourse Hall, 400 Rooms, 300 Rooms, 500 rooms, and Petree Hall. Need to verify pricing. A reliable lighting control system is very important to clients and is the standard within the convention center industry.</p>	1	Customer Service	\$350,000	\$350,000	\$100,000			\$800,000
10	<p><b>South Hall Cooling Tower Replacement:</b> Five (5) existing cooling towers are corroded and have reached the end of their lifecycle. This equipment is critical to the efficient function of the HVAC system and the associated energy efficiency. The plan is to replace two the first year, two the second year, and one the final year. (pricing needs to be verified).</p>	1 & 3	Sustainable City / Customer Service	\$450,000	\$450,000	\$130,000			\$1,030,000

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	<b>Equipment / Infrastructure</b>									
11	South Hall and Concourse public restroom entry vestibule alteration. Many of the existing vestibules have carpeted walls that are stained and unsightly. This project would entail removal of the carpet to be replaced with drywall and paint.	1	Customer Service	\$150,000						Est. Project cost \$150,000
12	Escalator and Elevator Repair/Modernization Program- Due to the age and use of the equipment, major repairs and modernization are needed on a yearly basis. Modernization includes: Elevators - new controls, motors & pumps, cab interiors, lighting, etc. / Escalators - new handrails, handrail chains and rollers, etc. Reliable, modern elevators and escalators are directly related to a positive guest experience, safety and client satisfaction.	1	Public Safety / Customer Service	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000		\$1,500,000
13	South Hall 10" diameter high pressure fire sprinkler pipe replacement. The existing original high pressure pipe is deteriorating and new leaks have been appearing each year. At one point the pipe is routed directly through an elevator machine room, and there were 4 leaks inside this room this year. Fortunately the leaks were found and repaired before they caused costly damage the elevator machines. This project will re-route this pipe out and around the machine room, and tie in at the most logical point of connection.	1	Public Safety	\$75,000						\$75,000
14	Equipment Lifecycle Replacement Program - Electric Carts, Scissor Lifts, Boomlifts, etc. Due to the age and failure rate, much of the equipment is overdue for replacement.	1	Customer Service	\$150,000	\$150,000	\$75,000	\$75,000	\$75,000		\$525,000
<b>Subtotal of category-1 projects =</b>				<b>\$4,740,000</b>	<b>\$1,800,000</b>	<b>\$1,155,000</b>	<b>\$925,000</b>	<b>\$925,000</b>		<b>\$9,545,000</b>
15	Solar Array Project: install a series of roof top and other solar arrays to generate from 1 to 2 megawatts of electrical power. Project is in the early planning stage, but would involve a "net metering" arrangement to reduce the amount of power consumption purchased to operate the facility. Project is currently estimated at \$5/watt, or \$10 million for a 2 mW array. In addition to energy savings, Solar project would also enhance LACC's marketability when soliciting business and sectors that place high value on sustainable efforts.	2	Sustainable City	\$10,000,000						\$10,000,000



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					2014-15 FY	2015-16 FY	2016-17 FY	2017-18 FY	2018-19 FY	
16		<p><b>West Hall Exterior Paint touch-up-</b> the exterior paint of the West Hall is peeling in many areas due to age, and is unsightly. The exterior of the Exhibit Halls have a high profile view to the public and must be well maintained, especially with the modern look of LA Live across the street.</p>	3	Customer Service	\$100,000					\$100,000
17		<p><b>Remodel Restrooms at the front and rear of West Hall and throughout the West Building-</b> The upgrades will include energy efficient and water conservation components and a modern appearance befitting a world class facility. There are a total of 10 restrooms remaining for remodel, 6 Women and 4 Men. At the end of this 5-year plan, there will be 5 restrooms remaining for FY2019-20 through FY 2024-25.</p>	3	Sustainable City / Customer Service	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,000,000
18		<p><b>Automatic Transfer Switches (ATS) for DWP Vaults:</b> LACC has five (5) main Electrical services from LADWP that provides electrical power for the entire facility. All five services (vaults) are outfitted with a redundant secondary feed in the event the primary feed becomes disrupted; however, the secondary feeds currently requires "manual switching" which requires LADWP staff to drive out to the site and manually transfer the feed. This process results in long delays without power. By installing the ATS's, power would automatically switch from the primary feed to the secondary feed in a matter of seconds, quickly restoring power to the facility.</p>	2	Customer Service	\$600,000	\$900,000				\$1,500,000
19		<p><b>Replace 3 Chillers -</b> Three of the existing chillers are old and use R-11 refrigerant which is no longer being manufactured. New Chillers will also be significantly more efficient and reduce operating costs (electricity costs).</p>	3	Sustainable City		\$550,000	\$550,000	\$550,000	\$550,000	\$1,650,000

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	<b>Equipment / Infrastructure</b>									
20	<b>West Hall Exterior Pavers-</b> these pavers were originally installed on a sand bed, and every time it rains or driven on by heavy equipment they shift and become uneven creating trip hazards, requiring ongoing maintenance. This project replaces the pavers with poured concrete.	3	Public Safety	\$100,000						\$100,000
21	<b>Replace West Hall Lower Roof (East side)-</b> due to the age of the roof, it leaks and is due for replacement.	3	Customer Service	\$400,000						\$400,000
22	<b>Repair West Hall Concrete Plazas-</b> this heavy truck and forklift area has incurred many cracks over the years presenting trip hazards and an unsightly condition.	3	Customer Service		\$150,000	\$100,000	\$100,000			\$500,000
23	<b>Install new Floor Ports in West Hall, Concourse and Petree Hall -</b> New ports will allow greater flexibility for service options and will reduce installation labor. Qty = 1,600 ports @ \$250 each.	3	Customer Service		\$100,000	\$100,000	\$100,000			\$400,000
24	<b>Upgrade West Hall Lobby Lighting and Ceiling -</b> Existing ceiling/lighting design is outdated and does not complement surrounding architecture.	3	Customer Service		\$1,500,000					\$1,500,000
25	<b>Tiered seating in South Hall Lobby to promote informal gathering and social networking.</b> Both CSL and ULI recognized that the changing nature of the convention business, with a growing reliance on digital communications, requires the creation of informal gathering places for event participants to meet. The New Hall design incorporates such a space in the South Hall Lobby. Cost has not yet been determined.	4	Customer Service							\$0
26	<b>Food Court expansion and enhancements.</b> Such enhancements would support expanded convention business by providing more seating, greater product offerings, improved attendee circulation, etc. Cost has not yet been determined.	4	Customer Service							\$0
27	<b>Enhanced electronic signage.</b> Provide better information for convention participants and reduce the need for custom signage boards. Cost has not yet been determined.	4	Customer Service							\$0

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	<b>Equipment / Infrastructure</b>									
28	Outdoor connection/stairs from Food Court to Gilbert Lindsay Plaza. This would implement one of the key concepts in the ULI report, which emphasized the value of the outdoor experience in Los Angeles as a marketing benefit. An exterior walkway and stairwell/tiered seating area would connect the interior food court with the outdoor opportunities in Gilbert Lindsay Plaza. Cost has not yet been determined.	3	Customer Service							\$0
29	Gilbert Lindsay Plaza improvements. Prior to the Farmers Field project, the City received State Prop 1C grant funds to improve Gilbert Lindsay Plaza, with a budget of approximately \$2.8M. These funds must be expended by 2017. The Plan A project identified additional improvements, increasing the budget to approximately \$10M.	3	Customer Service							\$0
30	Technology. Enhancements to ensure maximum service for wi-fi connectivity, video conferencing, simultaneous translation, and other technology upgrades to serve convention clients and visitors. In addition, CSL recommends development of a production facility to support convention client activities. Additional details are needed to fully scope out such a concept and it may be possible for the City's Information Technology Agency to partner on this concept. Cost has not yet been determined.	3 & 4	Innovation & Technology / Customer Service							\$0
31	Facade and Other Aesthetic Upgrades. The West Hall has not been significantly renovated to modern design standards. Modest upgrades, such as carpet replacement and painting, have been curtailed until the final outcome of the New Hall and Event Center Project has been determined. Some of the upgrades necessary could be addressed as short-term capital improvements, such as new carpet and paint. Others, such as facade replacement, would require more substantial funding and would need to be integrated into the Plan-B design effort. Cost has not yet been determined.	3	Customer Service							\$0
<b>Total (5 Year Plan)</b>				\$16,340,000	\$5,400,000	\$2,355,000	\$2,075,000	\$1,525,000		\$27,695,000

**LACC 5-Year Capital Improvement Plan  
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<b>1</b>	<b>Plan-B Project types are defined as follows:</b>						
	Improvements that have a sense of urgency, that can be accomplished without delay, and are not dependent upon design or funding in association with either Plan A or Plan B.						
<b>2</b>	Non-urgent but important improvements that can be accomplished without delay in either a Plan A or a Plan B scenario.						
<b>3</b>	Essential improvements that would not be needed under Plan A and are dependent upon design criteria under Plan B.						
<b>4</b>	Enhancements that can be implemented in a Plan B scenario, but are dependent upon conforming architectural review and design with other elements of Plan B.						