


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 22, 2014
#14-05-0393

To: Honorable Members of the Economic Development Committee

From: Gerry F. Miller 
Chief Legislative Analyst

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City Administrative Officer

Subject: **ALTERNATIVE DEVELOPMENT STRATEGY FOR THE LOS ANGELES CONVENTION CENTER**

SUMMARY

At its meeting of December 6, 2013, the Economic Development Committee considered a report concerning an alternative development scenario for the Los Angeles Convention Center (LACC) should the New Hall and Event Center (NH-EC) project not move forward (CF 13-0762). The Committee approved a recommendation that the Bureau of Engineering (BOE) prepare a Task Order Solicitation (TOS) to seek qualified teams for professional design services to modernize and expand the LACC.

BOE has finalized the TOS, which is ready for public release. In addition, the City Administrative Officer has identified a source of funds to compensate architects selected for the design competition phase of this project.

RECOMMENDATIONS

That the City Council and Mayor:

1. Authorize the Bureau of Engineering to release a Task Order Solicitation for architects to design an expansion and modernization of the Los Angeles Convention Center, that would explore all options including the concept of a Public Private Partnership ; and,
2. Authorize \$600,000 to be financed from the Municipal Improvement Corporation of Los Angeles, Commercial Paper program, to pay for the cost of pre-design work related to Plan B, of three applicants, \$200,000 per applicant, to be selected from the Task Order Solicitation process for architects to design an expansion and modernization of the Los Angeles Convention Center, to be reimbursed by the Los Angeles Convention Center Commercial Paper Program.

BACKGROUND

At its meeting of December 6, 2013, the Economic Development Committee considered a report concerning an alternative development scenario for the Los Angeles Convention Center (LACC) should the New Hall and Event Center (NH-EC) project not move forward (CF 13-0762). The Committee approved a recommendation that the Bureau of Engineering (BOE) prepare a Task Order Solicitation (TOS) to seek qualified teams for professional design services to modernize and expand the LACC.

The NH-EC project is the City's priority development, but that agreement expires October 18, 2014. It is essential to initiate a Plan B due to the time required to develop and complete architectural designs for a different project. The LACC has not been upgraded in over 20 years and is limited due to a lack of contiguous exhibit space. In addition, San Diego, Anaheim, and San Francisco, the City's main convention business competitors, have all initiated major expansions and renovations of their facilities. Convention clients have taken notice and commented that their future plans with regard to Los Angeles are dependent upon the City taking decisive, clear action to modernize the LACC.

BOE has completed the investigations necessary to prepare the TOS, which required significant review of existing documents related to the LACC and consultation with the Department of Convention and Tourism Development, CLA, and Planning Department. The TOS is now ready for release.

The TOS is not included as an attachment here to ensure that all bidders have a fair opportunity to respond. As noted in the previous report on this matter, though, the TOS addresses the project requirements recommended by the Urban Land Institute (ULI) and Convention, Sports, and Leisure (CSL) and includes the following project goals:

1. **New Exhibition Space**
CSL recommends adding 300,000 square feet of new exhibit space to the LACC. Such space could connect the South Hall and the West Hall, providing the contiguity desired by the largest exhibitors.
2. **New Meeting Room Space**
Additional meeting room space is recommended by both ULI and CSL. The Los Angeles Tourism and Convention Board (LATCB) recommends an additional 75,000 square feet to meet convention business needs. CSL recommends that meeting rooms of diverse sizes be provided.
3. **Ballroom**
Both ULI and CSL recommend that expansion of the LACC include a ballroom of 60,000 square feet in size. The New Hall design includes a 45,000 square foot ballroom, which would be the largest in the Los Angeles area. A ballroom can be designed in a way that meets multiple needs, including additional exhibition and meeting room space.
4. **Facade and Other Aesthetic Upgrades**
Resurfacing the exterior of the LACC should be incorporated into the architectural review and renovation of the facility, among various modernization solutions.

5. Maximize Outdoor Exhibit and Event Space

The Los Angeles climate provides an ideal opportunity to create outdoor exhibit and event space that is not possible in other regions of the country. Any design should maximize the opportunity for outdoor functions, exhibits, and similar activities. Special attention should be given to view sheds.

6. Identify public-private development opportunities that fit with the LACC campus and generate adequate revenue to support development of the major improvements. These could include one or more hotels or retail uses. Revenues generated through the development of private uses on the property, including ground lease payments and possessory interest tax, could be used to help support bond payments. The conceptual plan should provide a blank pad where a privately owned and operated hotel, or other commercial use, could be located.

The Bureau of Engineering has prepared a revised schedule for the TOS, as shown below. The bid process will involve two stages. Stage 1 will seek qualifications from qualified teams to provide professional design services for development and expansion of the LACC. From these submissions, three teams will be selected to participate in a design competition in Stage 2. It is anticipated that a finalist will be selected by the end of the calendar year.

It should be noted that the top three teams selected in Stage 2 will receive \$200,000 from the City to prepare plans, models, and other documents and designs necessary to evaluate their proposal.

Stage	Item	Item Name	Estimated Date
Stage 1	1	Issue TOS to Bureau of Engineering (BOE) On-Call Architectural List of Consultants	Monday, June 02, 2014
	2	Pre-Submittal Meeting and Convention Center Site	Thursday, June 12, 2014
	3	Questions Deadline	Thursday, June 19, 2014
	4	Final Date to Issue Addenda in Response to Pre-Submittal Meeting and Job Walk, if Necessary	Thursday, June 26, 2014
	5	Submissions Deadline	Friday, July 11, 2014
	6	Evaluate Proposals, Short-List and Interview Teams (if Necessary)	Friday, August 01, 2014
	7	Preliminary Selection Announced	Wednesday, August 06, 2014
Stage 2	8	Board of Public Works Approval to Award Task Order to Selected Teams	Wednesday, August 27, 2014
	9	Issue Notice to Proceed to Selected Teams	Tuesday, September 02, 2014
	10	First Review Meeting with Teams	Tuesday, September 16, 2014
	11	Second Review Meeting with Teams	Wednesday, October 15, 2014
	12	Selected Teams Submit Conceptual Design Work	Monday, November 24, 2014
	13	Architectural Models Display Period (from/to)	Tuesday, November 25, 2014
	14	Presentation of Work Product to, and Discussion with, City Team (from/to)	Wednesday, December 10, 2014
	15	Board of Public Works Approval to Select Finalist and Authorize Contract Negotiation	Wednesday, January 07, 2015

The City would not be obligated to make a selection of a design team and may withdraw this competition at any time should the National Football League determine that a team will locate to Los Angeles in accordance with the NH-EC Implementation Agreement.

FISCAL IMPACT STATEMENT

It is recommended that the \$600,000 be debt financed from the 2013-14 Municipal Improvement Corporation of Los Angeles, Commercial Paper program (MICLA CP). The work associated with the Task Order Solicitation is pre-design work and qualifies as a cost eligible for debt financing through the MICLA CP Program. The existing budget has sufficient funds to pay for the additional cost. Upon creation of the Los Angeles Convention Center Commercial Paper Program, the MICLA CP program will be reimbursed for the associated cost.

The recommendations included herein have no additional impact on the General Fund for Fiscal Year 2014-15 and are in compliance with the City's Financial Policies.

DEBT IMPACT STATEMENT

The cost of issuance for debt financing \$600,000 is approximately \$2,500, which accounts for costs associated with the interest, letter of credit and remarketing fee rates. The total cost is based on a rate that ranges between 0.82 and 1.12 percent, currently. The recommendations included herein are in compliance with the City's debt policies.