

# CITY OF LOS ANGELES

CALIFORNIA

## LOS ANGELES CONVENTION CENTER COMMISSION

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## LOS ANGELES CONVENTION CENTER

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May 1, 2014

The Honorable Paul Krekorian, Chair  
The Honorable Mitchell Englander, Vice Chair  
The Honorable Paul Koretz, Member  
The Honorable Bob Blumenfield, Member  
The Honorable Mike Bonin, Member  
Budget and Finance Committee  
c/o Erika Pulst, Legislative Assistant  
Office of the City Clerk  
200 North Spring Street  
Room 395, City Hall  
Los Angeles, California 90012

SUBJECT: **SUPPLEMENTAL REPORT ON MAYOR'S PROPOSED CONVENTION CENTER BUDGET FOR FISCAL YEAR 2014-15**

Dear Chairman Krekorian and Members of the Committee:

On April 22, 2014, I submitted to your Committee a letter indicating our **support for the Mayor's proposed budget** and highlighted the progress we have been achieving on the **New Governance** structure, the **privatization** contract with AEG, the plans to **modernize and expand** the Convention Center (with or without an NFL Stadium) and our efforts to promote the **construction of 4,000 new hotel rooms** by 2020.

That April 22<sup>nd</sup> letter also outlined the work which still needs to be done to reform the dysfunctional financial structure of our **Operating Budget** and the urgent need to address a **Capital Improvement Program** to address years of deferred maintenance.

During the subsequent week, we have been engaged in very productive discussions with the City Administrative Officer (CAO), the Mayor's office, the Los Angeles Tourism and Convention Board (L.A. Tourism), and our AEG operators about the **urgent** need to address our **most critical capital projects** during the first half of this upcoming fiscal year.

We are fortunate to be seeing an overall recovering economy, and a particularly resurgent tourism and hospitality sector. In order to capture this economic upswing, our competing

convention centers in San Diego, Anaheim, and San Francisco are all undertaking significant upgrades and/or expansions. In order to **prevent losing** some of our largest citywide conventions, and to **enhance our ability to attract** even larger future conventions, it is critical that we start making the most essential physical improvements to the Convention Center as we begin the new fiscal year.

Out of a larger list of mid and long term needs, L.A. Tourism and the Convention Center staff have identified the attached list of **14 projects totaling \$5.4 million** which can and should begin immediately. Moreover, we want to assure this Committee and the City Council that:

1. **All** of the recommended projects can and should be done **regardless** of whether or not we subsequently construct an **NFL Stadium**, or undertake the alternative **Plan B** remodeling and expansion. **None** of the projects recommended here will be damaged by or **rendered unnecessary** by any future new construction.
2. All of the recommended projects can be supported by the **funds currently included in the proposed budget**. **No** new or additional **appropriations** are **required** or requested in this budget. The current proposed budget provides for \$2 million to pay debt service on commercial paper funding for the Convention Center. That \$2 million would be leveraged and used to debt service the \$5.4 million in proceeds. Ultimately, this short term financing will be “taken out” in any long term financing for the stadium Plan A or the alternative Plan B expansion and remodeling.

### RECOMMENDATION

**In order to be in a position to commence the work as soon as possible after the start of the new fiscal year, and with the concurrence of the CAO, we are recommending that the attached list of itemized projects be added to the list of LACC Acquisitions in the Capital Financial Administration Fund Budget.**

Respectfully submitted,



Robert R. "Bud" Ovrom  
Executive Director  
Los Angeles Convention  
Center



Ernest Wooden, Jr.  
President & CEO  
Los Angeles Convention  
& Tourism Board



Brad Gessner  
Sr. VP & General Manager  
AEG

RRO:cv  
Exec Ref 14-062

Attachment

cc: Rick Cole, Deputy Mayor – Budget & Innovation  
Kelli Bernard, Deputy Mayor – Economic Development  
Miguel A. Santana, City Administrative Officer  
Gerry F. Miller, Chief Legislative Analyst  
LACC Commission

**LACC 5-Year Capital Improvement Plan  
"High Priority Items"**

<b>LOS ANGELES CONVENTION CENTER</b>		<b>5 Year Prioritized Infrastructure Capital Plan (CIEP)</b>					<b>REVISED 04/25/14</b>
		Note: Figures are merely estimates. Quotes must be obtained for actual pricing.					
Item #	Equipment / Infrastructure	2014-15 FY	2015-16 FY	2016-17 FY	2017-18 FY	2018-19 FY	Est. Project cost
1	<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 150 new IP cameras and associated cat-6 cabling. 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.	\$900,000					\$900,000
2	<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.	\$1,100,000					\$1,100,000
3	<b>South Hall Meeting Rooms HVAC variable frequency drive (VFD) Upgrades:</b> Three (3) of the 300 series Meeting Rms. have loud HVAC systems that cause disturbance to occupants and clients.	\$70,000					\$70,000
4	<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 new 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.	\$150,000					\$150,000
5	<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.	\$125,000					\$125,000
6	<b>South Hall and Concourse public restroom entry vestibule alteration:</b> 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.	\$150,000					\$150,000
7	<b>Modernize 411 Theater:</b> Reupholster 300 seats, change décor, and upgrade AV support to make the theater more marketable and appealing to clientele. The theater has not been upgraded since it was constructed in 1993. Upholstery is worn and outdated and the appearance is shabby. Cost is a rough estimate. Pricing needs to be confirmed.	\$500,000					\$500,000
8	<b>South Hall 10" diameter high pressure fire sprinkler pipe replacement:</b> The existing original high pressure pipe is deteriorating and new leaks have been appearing each year. A portion of the pipe is routed directly through an elevator machine room, causing the potential for water damage to sophisticated equipment and controls contained in the room. This project will re-route the pipe out and around the machine room, and tie in at the most logical point of connection.	\$75,000					\$75,000
9	<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 weaken and may eventually require more costly repairs and a temporary closure of the hall.	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$1,750,000
10	<b>Colortran Dimming System:</b> Replace failing obsolete Colortran room lighting dimmer system with new 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.	\$350,000	\$350,000	\$100,000			\$800,000
11	<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).	\$450,000	\$450,000	\$225,000			\$1,125,000

**LACC 5-Year Capital Improvement Plan  
"High Priority Items"**

12	<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 and unsightly conditions. Additionally, the color is fading, and numerous stains cannot be cleaned. First year includes Concourse Hall and Concourse walkway, Hall-G, H&J, and K lobbies, and southern end of Kentia lobby.	\$300,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,100,000
13	<b>Escalator and Elevator Repair/Modernization Program:</b> 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.	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000
14	<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.	\$600,000	\$900,000				\$1,500,000
<b>Total(s)</b>		<b>\$5,420,000</b>	<b>\$2,550,000</b>	<b>\$1,175,000</b>	<b>\$850,000</b>	<b>\$850,000</b>	<b>\$10,845,000</b>