

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to an extension of the New Hall and Event Center agreement with Anschutz Entertainment Group (AEG), and development alternative for the Los Angeles Convention Center (LACC).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the Mayor and the Councilmember of the Ninth Council District, on behalf of the City, to execute an extension to the Implementation Agreement (IA) (Attachment B of the joint Chief Legislative Analyst [CLA] and City Administrative Officer [CAO] report dated October 8, 2014, attached to Council file [C.F.] No. 14-1383) for the New Hall and Event Center project, which provides an additional six months to secure a National Football League (NFL) team, plus six months at the discretion of the CLA and CAO, to close escrow if appropriate and to complete requirements of the IA.
2. INSTRUCT the CLA and CAO, with the assistance of the President, Board of Los Angeles Convention and Tourism Department Commissioners (Commission), or Commission designee, the Public Works Bureau of Engineering (BOE), and AEG to formulate and provide design criteria to the architects selected under the previously approved Task Order Solicitation Process; and, INSTRUCT the BOE to issue a notice to proceed with the LACC expansion and modernization design process according to those criteria.
3. AUTHORIZE the CLA to receive \$750,000 from AEG to fund the Task Order Solicitation Process, now to be known as the Collaborative Design Process, and complete studies, reviews, and other documents necessary to inform the Council and Mayor with regard to alternative development opportunities for the LACC; AUTHORIZE the Controller to deposit/appropriate/expend all funds received as a result of this action in Fund 100/28, Contractual Services Account 3040; and, AUTHORIZE the CLA to make any technical corrections, revisions, or clarifications to the above instructions in order to effectuate the intent of this action.
4. INSTRUCT the CLA and CAO to report to Council with assistance from AEG, the Los Angeles Department of Convention and Tourism Development (LADCTD), BOE, City Attorney, Department of City Planning, Economic and Workforce Development Department, and other departments as appropriate to evaluate the LACC expansion and modernization project, including review of entitlements, economic impacts, timelines, cost estimation, legal issues, operational impacts, cost estimations, and other related matters, and, if appropriate, prepare a Memorandum of Understanding (MOU) to advance terms into preparation of transactional documents or amendments to existing transactional documents.
5. INSTRUCT the CAO to prepare and report on a finance plan based on the information available for the LACC alternative development scenarios.

6. AUTHORIZE the Controller to unencumber a total of \$71,755.29, encumbrance document Identification No. GAE 53 C012119703M (\$27,711.79 for KNN Public Finance and \$44,043.50 for Public Resources Advisory Group, PRAG), revert said amount to the Reserve Fund, transfer therefrom to the Unappropriated Balance, Fund 100/58, and reappropriate therefrom to the Capital Finance Administrative Fund, 100/53, Account No. 000339, Fiscal Year 2014-15, to pay for advisory and consulting costs including legal fees; and, AUTHORIZE the CAO to make any technical corrections, revisions, or clarifications to the above instructions in order to effectuate the intent of this action.

Fiscal Impact Statement: The CLA/CAO reports that approval of this action will have a positive impact on the City's General Fund. Receipt of the funds provided in this action will offset the need to issue \$600,000 in commercial paper notes through the Municipal Improvement Corporation of Los Angeles, previously approved by the Council for expenditure for architectural services. Otherwise, the City would have paid in the 2014-15 Fiscal Year approximately \$2,500 which includes costs associated with the interest letter of credit and remarketing fee rates in addition to future debt repayment costs.

Community Impact Statement: None submitted.

(In taking this action, Council is relying on Environmental Impact Report (EIR) No. ENV-2011-0585-EIR certified by the Council on September 28, 2012, attached to C.F. No. 11-0023)

SUMMARY

At a special meeting held on October 10, 2014, the Economic Development Committee considered a joint report from the CLA and CAO dated October 8, 2014, and a communication from the President of the Commission dated October 2, 2014, relative to an extension of the IA between the City and AEG for the New Hall and Event Center project and alternative development plans for the LACC.

Both the CLA and CAO addressed the Committee and provided a brief overview of their joint report. Additionally, a representative of AEG appeared before the Committee and responded to related questions.

The CLA noted that the current IA between AEG and the City will expire on October 18, 2014 and that on September 29, 2014, AEG requested a 6-month to one-year extension to the Agreement in order to secure an NFL team for the proposed Event Center. The CAO stated that the original "Plan A" (development of a New Hall and Event Center) is still the preferred option. However, if AEG is unable to secure a team during the life of the extension, the City can move forward with a Plan B (modernization and expansion of the LACC).

In the event Plan A is not implemented, the CLA/CAO reported that AEG is contributing \$750,000 toward alternative development plans for the LACC, now known as "Plan B Plus" (\$600,000 for the design process and \$150,000 for analysis of the design concepts and economic impacts). The City will meld its previous efforts towards a design process into a

collaborative process among AEG, the BOE, LADCTD, CLA and CAO, and the funds contributed by AEG for the design process will represent a positive impact on the General Fund.

During further discussion of this matter and in response to questions from the Committee, the AEG representative noted that Plan A is also AEG's first choice, although there a number of variables and parties involved. However AEG was encouraged by the progress made which is why it is seeking an extension to the IA. AEG anticipates within six months that it will have more information regarding a commitment from the NFL.

After providing an opportunity for public comment, the Committee approved the recommendations in the joint CLA/CAO and a technical amendment by the CLA relative to the EIR. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	ABSENT
HUIZAR:	ABSENT
CEDILLO:	YES
MARTINEZ:	ABSENT
WESSON:	YES
KORETZ:	YES

REW
10/10/14
FILE NO. 14-1383

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