

Council

Contact Information

Neighborhood Council: Los Feliz Neighborhood Council, Los Feliz Neighborhood

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Date of NC Board Action: 01/20/2015

Type of NC Board Action: Against

Impact Information

Date: 01/22/2015

Update to a Previous Input: No

Directed To: City Council and Committees

Council File Number: 14-1500

Agenda Date:

Item Number:

Brief Summary: Upon further review of both proposals submitted for future operations of the Greek Theater, the Los Feliz Neighborhood Council strongly supports the Nederlander/AEG proposal and urges the City to reconsider its preliminary approval of an award to Live Nation.

Additional Information: At its publicly noticed meeting on January 20, 2015, with 15 board members present, the LFLNC voted 13-0-0 to approve the CIS (Agenda item 7.c), 1 member recused, and 1 member was ineligible to vote. All public comments supported the Nederlander/AEG proposal. As the City's residents most impacted by the Greek Theater operation, we strongly urge the City Council Committee to overturn the recommendation to award the contract to Live Nation.

Comments from Luke Klipp, Los Feliz Neighborhood Council Boardmember

January 20, 2015

Quick comparison between the Live Nation and Nederlander/AEG proposals to operate the Greek Theatre for a 10-year lease, with two additional 5-year options, for a total of 20 years:

Category	Live Nation	Nederlander/AEG
Guaranteed Base Rent	\$60,000,000 over 20 years, or 8% gross receipts, whichever greater each year (score: 39) <ul style="list-style-type: none"> • \$30M in 10 years • 70 shows/year • Projected 20 years with 8% gross receipts: \$77.9M 	\$77,500,000 over 20 years, or 10% gross receipts, whichever greater each year (score: 45) <ul style="list-style-type: none"> • \$36M in 10 years • Avg. 76 shows/year • Projected 20 years with 10% gross receipts: \$97.8M
Capital Investment	\$40,000,000 (score: 45) <ul style="list-style-type: none"> • \$15M contingent on both first and second options • \$6M for furniture, furnishings, and equipment (FFE) • \$3.3M in escalations and contingencies • \$3M for the glass oval roof 	\$18,800,800 (score: 35) <ul style="list-style-type: none"> • Nothing contingent on contract modifications • \$2M for FFE, the rest of FFE are ongoing operational expenses • \$1.5M in contingencies
Operational Plan	Guaranteed min. 70 shows annually (score: 55)	Guaranteed min. 50 shows annually (score: 43)
Preventive Maintenance Plan	\$4.4M over 20 years (score: 54) <ul style="list-style-type: none"> • Includes ongoing maintenance expenses, including power washing, pest control, etc. 	\$3.8M over 20 years (score: 41) <ul style="list-style-type: none"> • Ongoing maintenance expenses not included; they're only in operational budget
Average Ticket Prices	<ul style="list-style-type: none"> • Year 1 average: \$70/ticket • Year 10 average: \$78/ticket • Year 20 average: \$104/ticket 	<ul style="list-style-type: none"> • Year 1 average: \$61/ticket • Year 10 average: \$75/ticket • Year 20 average: \$91/ticket

Additional issues:

- Live Nation rent abatement and City RFP
- Capital projects scored on dollars
- Strategic plan and direction scoring
- Multiple-counting
 - Capital Investment for Live Nation scored **four** times, including in (a) "Level of Capital Investment," (b) "Approach to Required Concession Improvements," (c) "Approach to Potential Concession Improvements," and (d) "Approach to Preventative Maintenance," accounting for 40% of all possible points; by contrast, guaranteed base rent accounted for 10% of all possible points
 - Live Nation annual \$300,000 Community Trust counted in both (a) Financial Comparisons and (b) Community Partnership