

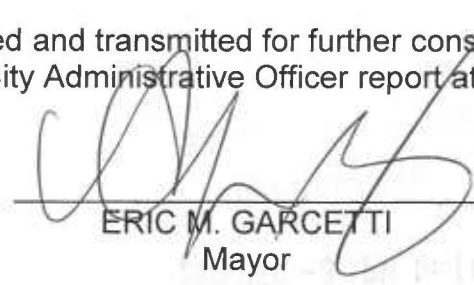
0610-01835-0696

**TRANSMITTAL**

TO The City Council	DATE DEC 03 2014	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 9	

**Professional Services Agreement with Los Angeles Tourism and Convention Board and  
The Department of Convention and Tourism Development**

Approved and transmitted for further consideration.  
See City Administrative Officer report attached.

  
(Ana Guerrero)

ERIC M. GARCETTI  
Mayor

MAS: DM: 09150094

**Report From**  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
**Analysis of Proposed Contract**  
(\$25,000 or Greater and Longer than Three Months)

To: Mayor and Council	Date: 11-26-14	C.D. No. 9	CAO File No.: 0610-01835-0696				
Contracting Department/Bureau: Department of Convention and Tourism Development		Contact: Marla Bleavins, 213-741-1151, ext. 5307					
Reference: Proposed Contract with the Los Angeles Tourism and Convention Board							
Purpose of Contract: For marketing and tourism services for the City and sales and booking services for the Convention Center.							
Type of Contract: ( X ) New contract ( ) Amendment		Contract Term Dates: 5 and ½ years January 1, 2015 through June 30, 2020					
Contract/Amendment Amount: An amount equivalent to one percent of Transient Occupancy Tax revenues.							
Source of funds: Transient Occupancy Tax Revenues							
Name of Contractor: Los Angeles Tourism and Convention Board							
Address: 333 South Hope Street, 18 <sup>th</sup> Floor, Los Angeles, CA 90071							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose		X		a. Equal Employmt. Oppty./Affirm. Action	X		
2. Appropriated funds are available	X			b. Good Faith Effort Outreach**			X
3. Charter Section 1022 findings completed			X	c. Equal Benefits Ordinance	X		
4. Proposals have been requested			X	d. Contractor Responsibility Ordinance	X		
5. Risk Management review completed	X			e. Slavery Disclosure Ordinance	X		
6. Standard Provisions for City Contracts included	X			f. Bidder Certification CEC Form 50	X		
7. Workforce that resides in the City: 23 %				*N/A = not applicable ** Contracts over \$100,000			

**COMMENTS**

The Department of Convention and Tourism Development (Department) requests approval of a contract (Agreement) with the Los Angeles Tourism and Convention Board (LATCB) for marketing and tourism services related to promoting Los Angeles, and sales and booking services for the Los Angeles Convention Center (Convention Center). The Agreement proposes to pay the LATCB an annual amount equivalent to one percent of the Transient Occupancy Tax (TOT) for a five and one-half year term beginning January 1, 2015 through June 30, 2020.

The LATCB is a non-profit organization that promotes and sells Los Angeles as a destination for conventions, meetings and leisure travel from the US and key international markets. The City has contracted with LATCB since 1976 to generate economic benefit from direct visitor spending and TOT.

Highlights and major changes between the Agreement and prior contract include the following:

- (1) A contract term for five and one half years with an end date of June 30, 2020 rather than three years;

 DM	 Analyst	 Assistant CAO	 City Administrative Officer
09150094			

- (2) The scope of work for the proposed agreement places a greater emphasis on conventions and tourism as the economic driver and primary goal for the City engagement with LATCB;
- (3) The scope of work was organized around four core objectives:
  - Greater visitation
  - Economic impact
  - Visitor engagement
  - Best use of City funding.
- (4) Administration duties for the Agreement will be transferred from the Office of the City Administrative Officer to the Department; and,
- (5) Other changes:
  - Reflects new governance and management structure;
  - Recognizes and encourages other sources of funding;
  - Reflects discount and booking policies and related procedures; and,
  - Calls for judicious use of discounts while prioritizing events that drive hotel stays.

The new governance and management structure was restructured so that the Department is authorized to negotiate and administer the LATCB Agreement. The Department now reports to the Board of Convention and Tourism Development Commissioners, which has authority to “oversee and direct the contractual performance of the tourism and convention bureau as applicable.”

The Department has complied with all applicable City procedures, laws and policies in awarding this contract. As the contract term is longer than three years and the contract amount is anticipated to exceed \$100,000, Council approval is required, pursuant to Administrative Code (Code) Section 10.5. The Agreement is exempt from a competitive bidding process as it has been determined that the Contractor provides a professional and unique service, pursuant to Code Section 371(e)(10). According to the Agreement, the LATCB is, “uniquely qualified by virtue of its possession of the foregoing information, its offices in other cities in the United States and around the world, and its relationships with local hotels and carriers, to undertake the promotion and advertisement of Los Angeles as a premier convention or meeting host, and as a destination for tourists and tour groups.”

The contract includes provisions for the work to be performed, and the various required City approvals. The proposed contract has been reviewed by the City Attorney as to form and legality. As such approval is recommended.

## **RECOMMENDATION**

That the Mayor and Council authorize, the Executive Director of the Department of Convention and Tourism Development to execute a contract with the Los Angeles Tourism and Convention Board for a five and one-half year term, beginning January 1, 2015 through June 30, 2020 for an amount not to exceed an amount equivalent to one percent of the Transient Occupancy Tax.

## **FISCAL IMPACT STATEMENT**

The 2014-15 Adopted Budget includes sufficient funds to pay the Contractor for the proposed services for the current Fiscal Year, which includes an amount equivalent to one percent of the Transient Occupancy Tax in Fund 429, Department 10, LA Tourism and Convention Account No. 10L429. Funding for future years will be considered as part of the City's annual budget process. The proposed contract is in keeping with the financial policies of the City in that an on-going source of funds has been identified to fund the on-going expenditures.

## **ATTACHMENTS**

*MAS: DM: 09150094*



RRE  
NRB

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

2014 NOV 18 PM 5:17

Date: November 13, 2014

CITY ADMINISTRATIVE OFFICER

To: The Honorable City Council

The Honorable Mayor

From: Robert R. "Bud" Ovrom, Executive Director  
Department of Convention and Tourism Development

Subject: **PROPOSED CONTRACT WITH THE LOS ANGELES TOURISM AND CONVENTION BOARD FOR MARKETING AND TOURISM SERVICES FOR THE CITY AND SALES AND BOOKING SERVICES FOR THE CONVENTION CENTER**

The Department of Convention and Tourism Development requests approval of a contract with the Los Angeles Tourism and Convention Board (LATCB) for services related to promoting Los Angeles as a site for conventions and leisure travel through June 30, 2020. The current contract between the City of Los Angeles (City) and the LATCB expires on December 31, 2014. The Board of Convention and Tourism Development Commissioners approved this contract at its Board meeting on November 5, 2014.

## BACKGROUND

The LATCB is a non-profit organization that promotes and sells Los Angeles as a destination for conventions, meetings and leisure travel from the U.S. and key international markets. The City has contracted with LATCB since 1976 to generate economic benefit from direct visitor spending and Transient Occupancy Tax (TOT) revenues. LATCB has a multi-lingual staff with information centers in downtown Los Angeles and Hollywood, and maintains sales representation in Washington D.C., New York, Chicago, Boston, Texas, Northern California, and Southern California. Its overseas offices are located in London, Tokyo, Beijing, Shanghai, and Sydney with representative offices in Germany, France, South Korea and Sao Paulo.

LATCB solicits and books conventions into LACC; generates leads and bookings for meetings and conferences in hotel venues; markets destination Los Angeles through an integrated strategy of paid advertising, on-line promotions, earned media and social media channels domestically and select international markets; and targets travel buyers globally through trade shows, sales missions, and digital communications. LATCB also provides policy advice to the Mayor and Council with regard to conventions and professional meetings, tourism, and economic data related to the industry.

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## PROPOSED CONTRACT

The current contract between the City of Los Angeles (City) and the Los Angeles Tourism and Convention Board (LATCB) was originally due to expire on June 30, 2014. The Mayor and Council approved a contract amendment that extended the contract through December 31, 2014 (C.F. 14-0642). The proposed new contract addresses the areas discussed below.

### Term

The term of the new contract would be for five and one-half years. Prior contracts between the City and LATCB have ranged between three and five years. Staff is requesting a five and one-half year term so that the contract can be co-terminus with City's fiscal year in 2020. Doing so will align LATCB's work program, funding from the City's budget and the term of the contract with the City's fiscal year.

### Services to be Provided

The services to be provided by LATCB are delineated in "Appendix E" of the contract. It essentially serves as a work program and will change from year to year subject to the mutual agreement of both parties.

The primary goal of the City's engagement with LATCB is to grow the local economy by promoting the City as a site for citywide conventions, business meetings, and major tradeshows and as a destination for leisure travel. LATCB will endeavor to achieve this goal by executing the services and deliverables that align with four core objectives identified in Section 3(a) of the Agreement:

1. **Greater Visitation** - Increase the number of people visiting Los Angeles as both a convention and tourist destination in order to increase the economic benefits derived from out-of-town visitors to the City
2. **Economic Impact** - Measure the economic impact from citywide conventions and the tourism and hospitality sector
3. **Visitor Engagement** - Facilitate and track engagement with those visiting Los Angeles for both conventions and leisure travel to enhance the visitor experience with the intent of encouraging repeat visitation and longer stays
4. **Best Use of City Funding** - Effectively leverage TOT funds with other sources of funding to promote conventions and tourism to maximize the yield from the City's investment

Performance metrics that align with each core objective will help the City to evaluate how well these objectives are being met. Building on previous efforts to increase the accountability in this contract, staff has sought to only include results-oriented metrics in the work program for LATCB as opposed to metrics that measure inputs or process. This is consistent with the Mayor's performance based budgeting and use of results oriented

metrics. Many of the metrics that are part of the contract are or will be published on the City's Open Data web site.

### Compensation

The City annually appropriates in the budget, an amount equivalent to one percent of the TOT to the Los Angeles Convention and Visitors Bureau Trust Fund to provide funding for this contract. Over the course of the past five years, the City has paid LATCB the following amounts:

<b>Fiscal Year</b>	<b>Amount Paid</b>
2009 – 2010	\$9,024,369
2010 – 2011	\$10,101,305
2011 – 2012	\$11,579,936
2012 – 2013	\$12,818,525
2013 – 2014	\$14,078,829

Subsequent appropriations will be determined during the budget process and based on estimates of TOT for the upcoming fiscal year. In the event that TOT exceeds budget projections, LATCB obtains the actual one percent of the TOT the City receives.

### Contract Administration

The proposed contract also reflects the new governance structure for the Convention Center that entails an authoritative board, a private sector manager for the day-to-day operations and a reconstituted City department serving as the hub for the City's convention and tourism development strategy. Historically, the City Administrative Officer (CAO) has administered the contract with LATCB. The ordinance that effectuated the new governance structure for the Convention Center became effective on June 9, 2014 and calls for the CTD Board to "oversee and direct the contractual performance of the tourism and convention bureau as applicable." As such, this contract effectively transfers the administrative responsibility and accordingly the signature authority of the contract from the CAO to the CTD.

The contract also provides for funding from LATCB to cover CTD's cost of administering the contract. This is consistent with previous practice as the Convention and Visitor's Trust Fund has been a source of funding for the contract administrator position (C.F. 89-1496). The exact amount will be determined during each budget process.

## **FISCAL IMPACT STATEMENT**

The City annually appropriates an amount equivalent to one percent of the Transient Occupancy Tax to the Los Angeles Convention and Visitors Bureau Trust Fund, which pays for the cost of this contract. The recommendations below has no additional fiscal impact on the General Fund.

## **RECOMMENDATIONS:**

Staff recommends that the Council, subject to the approval of the Mayor:

1. Approve a contract with the Los Angeles Tourism and Convention Board for services related to promoting Los Angeles as a site for conventions and leisure travel through June 30, 2020, subject to the approval of the City Attorney as to form and legality.

Exec Reg: 14-179

### **Attachments:**

- A. Proposed Contract with LATCB
- B. LATCB Contract Compliance

cc: Kelli Bernard, Deputy Mayor of Economic Development  
Rick Cole, Deputy Mayor of Budget and Innovation  
Terry Martin Brown, Assistant City Attorney  
Diana Manglioglu, Senior Administrative Analyst  
John Wickham, Legislative Analyst  
Patti MacJennett, Sr. Vice-President, Business Affairs, LATCB