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ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to Request for Proposals (RFP) in connection with developing a hotel on the Convention Center campus.

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

- 1. INSTRUCT the Department of Convention and Tourism Development (CTD), City Administrative Officer (CAO), and Chief Legislative Analyst (CLA), with the assistance of the Bureau of Engineering and City Planning Department to draft an RFP for a Convention Center hotel to include the option to place branded residential and retail establishments on site and report to the Economic Development Committee in 60 days on the status of said RFP.
- 2. AUTHORIZE the CTD to hire a contractor to assist with the RFP process related to the Los Angeles Convention Center Hotel Project and provide consulting services on matters related to said Project.
- 3. AUTHORIZE the CTD to reduce \$150,000 from the Salaries General Account, 1010/48, Fiscal Year (FY) 2015-16 and to increase the Contractual Services Account 3040/48, FY 2015-16 by the same amount pursuant to Recommendation No. of the March 17, 2016 CTD report, attached to the Council file.
- 4. AUTHORIZE the CTD to make any technical adjustments or corrections as necessary to transactions detailed in the March 17, 2016 CTD report, attached to the Council file, to implement the intentions of the Mayor and City Council.

<u>Fiscal Impact Statement</u>: The CTD reports that there is no impact to the General Fund associated with the recommendation contained in the March 17, 2016 CTD report, attached to the Council file.

Community Impact Statement: None submitted.

Summary:

On March 22, 2016, your Committee considered a March 17, 2016 CTD report relative to an RFP in connection with developing a hotel on the Convention Center campus. According to the CTD, on June 30, 2015, Council instructed the Economic and Workforce Development Department (EWDD) in collaboration with the Department of Convention and Tourism Development (CTD) to issue a Request for Information (RFI) to survey the market's interest in developing an on-site Convention Center Headquarters Hotel on the Los Angeles Convention Center (LACC) campus. In response, the EWDD retained Strategic Advisory Group, later purchased by Jones Lang LaSalle Americas (JLL), Inc. (Consultant) to assist with the development and dissemination of the RFI.

In collaboration with the CTD, the CLA, CAO City Attorney, and EWDD developed and issued the RFI on December 4, 2015. On January 26, 2016 the City hosted a Project Open House at the LACC, in which the City presented its vision for a proposed expansion of the LACC. Over 60 participants attended, including major brand hotels as well as hotel developers, architectural,

engineering, construction, and other consulting firms. Subsequently, on February 26, 2016, the City received a total of seven responses.

The ultimate purpose of the RFI process was not to rank submittals and select the most qualified applicant, but rather to identify the level of interest and the quality of development proposals that would serve as one of the indicators of whether the City should move forward with the RFP process. According to the City's Consultant, almost all of the responses received "posses the qualifications and experience to effectuate this project." A summary of the seven lead developers and potential hotel brands are listed in the CTD report.

The lack of hotel space available within walking distance of the LACC has always been one of the most significant challenges for the LACC. Although the second largest city in the country, in comparison to our competitors we rank low on available hotel rooms, and as a result are unable to capture prime convention business (see chart below). According to a 2014 report by Conventions, Sports and Leisure International, the number of hotel rooms within walking distance of the LACC can accommodate only 74 percent of the national convention market's hotel room requirement. In comparison, convention centers in San Diego, Anaheim and San Francisco can meet 92 to 99 percent of the market's needs. As a result, Los Angeles is unable to compete for 26 percent of national convention business. Moreover, that portion of the market represents the largest and most lucrative conventions.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend instructing the CTD to proceed with drafting an RFP for a Convention Center hotel to include the option to place branded residential and retail establishments on site along with associated actions as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

MEMBERVOTEPRICE:YESCEDILLO:YESKREKORIAN:YESMARTINEZ:YESHARRIS - DAWSON:YES

ARL 3/22/16

-NOT OFFICIAL UNTIL COUNCIL ACTS-