

BUDGET AND FINANCE COMMITTEE REPORT relative to the Anschutz Entertainment Group (AEG) proposal concerning expansion of the Los Angeles Convention Center (LACC) and the JW Marriott Hotel at LA LIVE.

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

CONCUR with the action of the Economic Development Committee on November 13, 2018, relative to the AEG proposal concerning expansion of the LACC and the JW Marriott Hotel.

Fiscal Impact Statement: The Chief Legislative Analyst (CLA) reports that there is no General Fund impact in the current year as a result of the above recommendations, as consulting costs will be paid from the Municipal Improvement Corporation of Los Angeles (MICLA) Commercial Paper Program - LACC. An appropriation of \$2 million is included in the 2018-19 Adopted Budget, Capital Finance Administration Fund, LACC Commercial Paper Account, for costs associated with administering this commercial paper program, including interest costs. The future repayment of consulting cost financed through MICLA will require an appropriation from the General Fund or some other funding source. Pursuant to Section 2.3(b) of the Exclusive Negotiating Agreement, the City would be required to reimburse AEG up to \$4 million for actual costs incurred in connection with the preparation of the schematic design in the event that both parties do not enter into a mutually agreed-upon Implementation Agreement. If this obligation were to be triggered, additional funds will need to be identified to pay this reimbursement.

Debt Impact Statement: The CLA reports that the issuance of commercial paper notes will not cause the City's debt service payments to exceed six percent of the General Fund revenues for non-voter approved debt as these are short-term notes. However, upon completion of the project, any outstanding commercial paper notes may be refinanced into long-term debt which would impact the City's debt capacity. The future repayment of the debt issued would be a General Fund obligation.

Community Impact Statement: None submitted.

SUMMARY:

At a regular meeting held on December 10, 2018, the Budget and Finance Committee considered a CLA report relative to the AEG proposal concerning expansion of the LACC and the JW Marriot Hotel at LA LIVE.

During discussion, at the request of the Committee, the CLA, the Department of Convention and Tourism Development, and the Los Angeles Tourism and Convention Board answered questions relative to the proposed project. Additionally, the Committee requested the CLA provide clarification if the CLA's report contained relevant information about the environmental impact of the proposed project. After further consideration, and after providing an opportunity for public comment, the Budget and Finance Committee concurred with the Economic Development Committee and approved the recommendations in the CLA report. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
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KREKORIAN:	YES
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ENGLANDER:	YES
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KORETZ:	YES
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BONIN:	YES
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BLUMENFIELD:	YES
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-NOT OFFICIAL UNTIL COUNCIL ACTS-