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April 21, 2016

Honorable Members of the Budget and Finance Committee  
Office of the City Clerk  
Room 395, City Hall  
Los Angeles, CA 90012

Honorable Councilmembers:

**SUBJECT: DEPARTMENT CORRESPONDENCE ON MAYOR'S PROPOSED  
BUDGET FOR FISCAL YEAR 2016-17**

**The Los Angeles Department of Convention and Tourism Development (CTD) supports the Mayor's Proposed 2016-17 Budget, as presented.** The Mayor's Proposed Budget provides the resources necessary for fulfilling our responsibilities related to strategic planning for tourism, and to overseeing our contractors, including Anschutz Entertainment Group (AEG) Management LACC LLC (AEG) who operates the Los Angeles Convention Center (LACC), and the Los Angeles Tourism and Convention Bureau (LATCB), who books citywide events and markets the City of Los Angeles as a convention and tourist destination.

The source of funds for the CTD Budget is primarily based on LACC operating revenues that are collected and managed by AEG. A small portion of the CTD Budget is paid from LATCB's portion of the Transient Occupancy Tax. Otherwise, the only items in CTD's Budget paid from General Funds and financed through the Municipal Improvement Corporation of Los Angeles (MICLA) are the 2016-17 capital improvements in the amount of \$5.158 million. Aside from MICLA-financed capital improvement projects, AEG has also budgeted \$1 million toward various facility improvements. Further, AEG will budget an additional \$1.1 million toward its Reserve for the 2016-17 Budget. By the end of Fiscal Year 2016-17, the operating Reserve is anticipated to amount to \$6.9 million. The purpose of the Reserve is to protect the General Fund from any LACC budget shortfalls. Given current discussions of an expansion at the LACC, we have

directed AEG to build a healthy Reserve to safeguard the City from any potential loss of business associated with construction.

Aside from fulfilling our day to day duties as administrators of Convention Center related matters for the City, the CTD Department has made it its mission for the LACC to compete as a top tier convention facility. Aside from the annual physical improvements we continue to make to the building, we, in collaboration with the Bureau of Engineering, Chief Legislative Office, and City Administrative Officer, are working diligently on a proposed plan for the City Council to consider as it relates to the expansion and renovation of the LACC. Our competitor cities, including Anaheim, San Diego and San Francisco, are either in the middle of an expansion or renovation, or are taking steps in this direction. To ensure the City of Los Angeles remains competitive and becomes a convention destination most sought after in comparison to our competitors, it is critical the City demonstrates its commitment to moving forward with improving and expanding our facility.

As stated above, the CTD Department has no requests for changes to its Proposed Budget. The CTD Department looks forward to discussing the budget and related matters with the Committee. We appreciate the support and are happy to meet with staff and Committee members to address any questions.

Respectfully submitted,



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Executive Director

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Exec Ref: 16-026

cc: Matthew Szabo, Deputy Mayor – Budget & Innovation  
Matthew Crawford, Office of the Mayor  
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