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**LOS ANGELES
DEPARTMENT OF
CONVENTION AND
TOURISM DEVELOPMENT**

DOANE LIU
EXECUTIVE DIRECTOR

1201 S. FIGUEROA STREET
LOS ANGELES, CA 90015
(213) 741-1151
FAX (213) 765-4441
TTY (213) 763-5077

April 23, 2018

Budget and Finance Committee
c/o Richard Williams
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 2018-19**

The Los Angeles Department of Convention and Tourism Development ("CTD") supports the Mayor's Proposed 2018-19 Budget, as presented. The Mayor's Proposed Budget provides for the resources necessary for fulfilling our responsibilities to oversee our contractors, including AEG Management LACC, LLC ("AEG"), operator of the Los Angeles Convention Center ("LACC"), and the Los Angeles Tourism and Convention Board ("LATCB"), the City's destination marketing organization which books citywide events and markets the City of Los Angeles ("City") as a convention and tourist destination.

The CTD's Proposed Budget includes \$1.6 million for continuing 13 full time-positions. The Proposed Budget also includes a new appropriation (\$250,000) for a five-year Strategic Plan for Tourism. As the City gets closer to achieving its goal of 50 million visitors by 2020, the City benefits from higher than budgeted Transient Occupancy Taxes and continued growth in economic impact. However, the City requires a plan to support and sustain this growth, and to also ensure that all neighborhoods, citywide, benefit from it. In an effort to implement CTD's other primary mission of strategic planning for tourism (per the Los Angeles Administrative Code Section 8.146), the new appropriation would cover consulting costs for developing a citywide plan that would

address a variety of matters, including the City's ability to continue engagement with visitors to increase repeat visitation, identify gaps and inefficiencies as it relates to tourism and the City's infrastructure, identifying a clear path towards sustainable growth of tourism, and providing a comparative analysis on efforts being made by other major cities in the country, etc. The Proposed Budget also increases CTD's budget (\$19,000) for financial and accounting services necessary for satisfying annual financial reporting requirements. Neither of these items have a General Fund impact as they are paid for with special funds.

The CTD Proposed Budget also includes approximately \$10.5 million for capital improvements, of which \$9.4 million in funding would be issued through the Municipal Improvement Corporation of Los Angeles (MICLA), and \$1.1 million in Convention Center special funds. As the LACC's aging infrastructure continues to compete for business with cities such as Anaheim, San Diego and San Francisco, the additional funds for capital improvements to the facility are critical to ensuring that LACC remains competitive. However, this has become more and more challenging as these same facilities are either in the process of undergoing an expansion/modernization or have just completed doing so. CTD is optimistic and is committed to working with its partners in the Offices of the Chief Legislative Analyst, the City Administrative Officer, and the City Attorney in identifying a pathway for expansion and modernization in the coming months. Meanwhile, CTD will continue to administer smaller scale capital improvement projects through the annual budget. The projects identified for funding will be planned and executed so as to minimize potential impacts when the City finalizes a pathway for a future expansion/modernization project for the LACC.

The CTD 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,



Doane Liu
Executive Director

DL:DM

Exec Ref: 18-060

cc: Miguel Sangalang, Deputy Mayor for Budget & Innovation
John Chavez, Budget Director, Office of the Mayor
William Chun, Deputy Mayor of Economic Development
Rich Llewelyn, City Administrative Officer
Sharon Tso, Chief Legislative Analyst