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April 18, 2019

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 2019-20**

The Los Angeles Department of Convention and Tourism Development ("CTD") supports the Mayor's Proposed 2019-20 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 \$1.7 million for continuing 13 full time-positions. The Proposed Budget also includes an appropriation (\$250,000) for the second phase to develop the Tourism Master Plan. In 2018, Los Angeles welcomed 50 million visitors, reaching the Mayor's goal two years ahead of schedule. While the City benefits from increased economic benefits and year-over-year increases in Transient Occupancy Tax, Los Angeles requires a plan to support and grow tourism sustainably. CTD conducted a Request for Proposals (RFP), and has executed a contract with Resonance Consultancy LLLP to partner in developing the Tourism Master Plan. Due to the comprehensive scope of the desired plan, the contractor's work is phased over two fiscal years. This item does not have a General Fund impact as it is paid for with special funds.

The CTD Proposed Budget also includes approximately \$4.4 million for capital improvements, for which funding would be issued through the Municipal Improvement Corporation of Los Angeles (MICLA). 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 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, and considerable progress has been made by the working groups formed under the Exclusive Negotiating Agreement with AEG and Plenary Group. Meanwhile, in order to maintain existing client satisfaction and ensure public safety of attendees and employees, 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 the LACC's expansion and modernization project.

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

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Exec Ref: 19-045

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