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Comments to Council Agenda No. 16-CF12-0692 LA Convention Center Governance

1 message

Joyce Dillard <dillardjoyce@yahoo.com>

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Reply-To: Joyce Dillard <dillardjoyce@yahoo.com>

To: Alan Alietti <alan.alietti@lacity.org>, Patrice Lattimore <patrice.lattimore@lacity.org>, "The Honorable Dennis P. Zine" <councilmember.zine@lacity.org>, "The Honorable Bernard C. Parks" <councilmember.parks@lacity.org>, The Honorable Bill Rosendahl <councilmember.rosendahl@lacity.org>, The Honorable Carmen Trutanich <CTrutanich@lacity.org>, The Honorable Ed Reyes <councilmember.reyes@lacity.org>, The Honorable Eric Garcetti <Councilmember.Garcetti@lacity.org>, "The Honorable Herb J. Wesson Jr." <councilmember.wesson@lacity.org>, The Honorable Jan Perry <councilmember.perry@lacity.org>, The Honorable Joe Buscaino <councilmember.buscaino@lacity.org>, The Honorable Jose Huizar <councilmember.huizar@lacity.org>, The Honorable Mitchell Englander <councilmember.englander@lacity.org>, The Honorable Paul Koretz <Paul.Koretz@lacity.org>, The Honorable Paul Krekorian <Councilmember.Krekorian@lacity.org>, The Honorable Richard Alarcón <councilmember.alarcon@lacity.org>, The Honorable Tom LaBonge <councilmember.labonge@lacity.org>, The Honorable Tony Cardenas <councilmember.cardenas@lacity.org>

Deny both reports and inform yourselves to the facts. You need to respect the VOTE of the PEOPLE and account to the TAXPAYERS.

You are given false information. This statement:

Fiscal Impact Statement: The CAO reports that an alternative management structure for the LACC could generate General Fund savings of \$2.1 million to \$6.3 million for the first year and up to \$3.8 million to \$8.5 million by the fifth year. However, the actual General Fund savings cannot be determined at this time and largely depend on responses to the Request for Proposal. Changes recommended to the governance structure are anticipated to have a financial impact equivalent to the cost of the Chief Executive Officer's salary, which would be competitive to Chief Executive Officers of similar type positions in the convention industry. Increasing the number of citywide conventions will increase the amount of Transit Occupancy Tax received by the City, but that amount requires further study by the Office of Economic Analysis. There is no additional negative impact on the General Fund.

There is no justification for:

General Fund savings of \$2.1 million to \$6.3 million for the first year and up to \$3.8 million to \$8.5 million by the fifth year.

Comment:

Without hotel rooms and generation of Transient Occupancy Tax TOT IMMEDIATELY, there can be no savings. The Debt Service will be born by lack of business and decrease of TOT. Now, approximately \$2 million in Convention Center profit offsets the Debt Service of \$52 million to a net \$50 million. The effect on the General Fund will be an increase of at least \$2

million.

There is no justification for:

However, the actual General Fund savings cannot be determined at this time and largely depend on responses to the Request for Proposal.

Comment:

The Request for Proposal is not an open process as there are only two qualifying firms in the country that could answer a request:

SMG

Global Spectrum, a Subsidiary of Comcast Spectator

Both firms are from Pennsylvania and/or Connecticut.

The other respondent would be AEG and their continuity is now in question as they plan to sell their assets. With that, is this being designed for those two firms to have an advantage and increase their company value for publically-traded companies (as per CAO Miguel Santana at the September 12th LA Convention and Exhibition Center Authority meeting).

Are you increasing the selling price of AEG by this action? Will stockholders have more control over the assets of the City of Los Angeles than the Taxpayers and Voters? Will foreign interests have control over the assets of the City of Los Angeles than the Taxpayers and Voters?

There is no justification for:

Changes recommended to the governance structure are anticipated to have a financial impact equivalent to the cost of the Chief Executive Officer's salary, which would be competitive to Chief Executive Officers of similar type positions in the convention industry. Increasing the number of citywide conventions will increase the amount of Transit Occupancy Tax received by the City, but that amount requires further study by the Office of Economic Analysis.

Comment:

There exists many analysis of the industry. Los Angeles has NO GUARANTEE of any increased business, even with the development of more hotels. CAO mentioned at the LA Convention and Exhibition Center Authority meeting, a rotation of convention bookings because the same companies control booking in the country. If so, increased business would be rotated also and the General Fund would have to compensate for the difference. His assumption is that a publically traded company has funding elsewhere.

This is a statement by a person who does not understand profitability. It is a wrong assumption that capital would offset operating expenses.

There is no justification for:

There is no additional negative impact on the General Fund.

Comment:

You just may be in shock how much the operation will be dependent on the General Fund. If you are out of office, then it is the taxpayers problem-right?

You state:

APPROVE and INSTRUCT the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to work together and report back with the legislative actions necessary to expand the duties and scope of responsibilities of the existing Los Angeles Convention Center Commission to instead operate as a Board of Commissioners that advises the Mayor and Council on all policies related to tourism, marketing Los Angeles, convention business, and administration of the Alternative Service Management and Los Angeles Tourism and Convention Board agreements.

Comment:

Governance is based on the original intent of the VOTERS.

On April 12, 1951, CF 46429, City Council resolutions were adopted declaring the result of the canvass of votes cast for various candidates, the bond propositions and the charter amendments on the ballot for the Primary Nominating Election held April 3, 1951.

Charter Amendment No. 16 reads:

Charter Amendment No. 16

Section 170 of the Charter of the The City of Los Angeles is amended by adding thereto a new subsection (c) to read:

(c) The Department of Recreation and Parks shall operate, manage, and control any municipal auditorium, arena, or sports center, and the facilities in connection therewith, now or hereafter owned or controlled by the City; and shall have power to design and construct the same and, in the name of The City of Los Angeles, to acquire and take by purchase, lease, condemnation, gift, in trust or otherwise, any and all property necessary or convenient for such purposes.

The Board of Recreation and Park Commissioners shall lease, in the manner set forth herein, any such municipal auditorium, arena, or sports center, and the facilities in connection therewith, which have been acquired, constructed or completed with funds received from the sale of bonds or other evidences of indebtedness authorized and issued subsequent to January 1, 1951, for the acquisition, construction or completion of such

municipal auditorium, arena, or sports center, and the facilities in connection therewith, for terms not exceeding thirty-five years. Provided, however:

- 1. Leases in excess of five years shall be approved by the Council by ordinance;*
- 2. Any lease entered into shall provide that the lessee must operate the property leased so as to furnish the public with the use for which it was acquired, constructed or completed, and, further, that the public must be entitled as of right to use and enjoy the property so leased for the purposes for which it was acquired, constructed or completed;*
- 3. The Board of Recreation and Park Commissioners is not required to lease, but may, through the Department of Recreation and Parks, operate such municipal auditorium, arena, or sports center, and the facilities in connection therewith, if it is unable to obtain a lessee who is organized as a non-profit corporation under the laws of the State of California, who has a tangible net worth at the time of execution of the lease of at least \$1,250,000.00, and who agrees to lease upon such terms as will be sufficient to insure repayment to the City of Los Angeles of that proportional part of the principal and interest charges on the said bonds or other evidences of indebtedness authorized and issued subsequent to January 1, 1952, attributable to the property leased which accrues during the term of the lease.*

The Board shall prescribe such other terms and conditions of any such lease as it may deem proper and may enter into the same without inviting bids therefor. All revenues derived from any such municipal auditorium, arena, or sports center, and the facilities in connection therewith, so acquired, constructed or completed, including the proceeds from any lease thereof, shall be paid into the "Auditorium Revenue Fund" of the Department of Recreation and Parks, which fund is hereby established. Moneys in the "Auditorium Revenue Fund" shall be appropriated or used only as follows:

First, For the necessary expenses of operating and maintaining the municipal auditorium, arena, or sports center, and the facilities in connection with any such municipal auditorium, arena, or sports center from which the money is derived, and discharge of liabilities arising therefrom.

Second: For the payment of the principal and interest, or either, due or coming due, during the fiscal year in which the money in said fund is received, or to be received upon outstanding bonds or other evidences of indebtedness issued for the acquisition, construction, or completion of any municipal auditorium, arena, or sports center, or the facilities in connection therewith.

Third: To return and pay into the general fund any sums paid by the City from funds raised by taxation for the payment of the principal or interest of bonds, or other evidences of indebtedness issued for the acquisition, construction, or completion of any municipal auditorium, arena, or sports center, or the facilities in connection therewith.

Fourth: To transfer to the Recreation and Parks Fund in the same manner as provided in Section 382 of this Charter for the transfer of surplus money to the Reserve Fund; provided, however, that no such transfer shall be made so long as any bonds or other evidences of indebtedness payable out of said revenue fund shall be outstanding and unpaid, or until there shall have been set apart in a reserve fund or special trust account, established for such bonds or other evidences of indebtedness, sums sufficient to pay, when due, the entire principal of such indebtedness remaining unpaid, together with interest accrued and to accrue thereon.

The Board of Recreation and Park Commissioners shall have control of the administration of the said reserve fund or special trust account, and shall keep the moneys therein on deposit in the city treasury or invest it in bonds or other securities authorized by the laws of the State of California as legal investments for savings banks. All interest and earnings from such investments shall accrue and be deposited to the credit of the Auditorium Revenue Fund.

VOTES CAST:

Total number of votes cast in favor of Proposed Charter Amendment No. 16

171,293

Total number of votes cast against Proposed Charter Amendment No. 16 91,869

Majority of votes cast in favor of Proposed Charter Amendment No. 16 79,424

The original intent of was governance by the BOARD OF RECREATION AND PARK COMMISSIONERS, then changed to the BOARD OF MUNICIPAL AUDITORIUM COMMISSION, then changed to today's governance.

The Mayor has no jurisdiction to run this department.

When are you planning to take this issue to the VOTE of the PEOPLE in a Charter Amendment, as you are changing the intent of the vote to PRIVATIZATION with profitably to a private party and not to the City and consequently, the Taxpayers. In other words, are the Taxpayers willing to go in debt for Privatization and Private Profitability.

You state:

- 4. ADOPT Attachment 4, which amends the Booking Policy by:*
- a. Shortening the booking window from 24 months to 12 months.*
 - b. Eliminating grandfathered exceptions*

Comment:

In fact, the Los Angeles Convention and Exhibition Center Authority explained to the CAO at their last meeting that they had an open process on booking policy and decided to adapt to the financial condition and limitation of travel by citizens. Consequently, the trade show aspect enabled the Convention Center to be profitable. Shows work with the Convention Center personnel to adapt to booking changes.

You have no justification to change Booking Policy without financial impact and stress on the General Fund.

You state:

ADOPT a goal for the LACC to increase citywide convention attendees by 50 percent over historical amounts between 400,000 and 425,000.

and

INSTRUCT the CAO and the CLA to report back on recommendations on how to increase hotel capacity in furtherance of the City's goal of increasing convention business by 50 percent.

Comment:

LA Convention and Exhibition Center Authority Commissioner commented on why you want to proceed now with governance structure change without waiting until hotel capacity is built.

Again, the "citywide" policy is more of a maneuver for market value increase for an operating company and not financial benefit to the City of Los Angeles on hopeful TOT. You have not taken into account, the deals cut around TOT.

This is just a "wish list." Are you going to make decisions on a "wish list?"

You state:

INSTRUCT the CAO to report back to the Budget and Finance Committee on the General Fund impacts of potential changes in positions if current LACC employees are displaced to other General Fund positions upon the transition to a private management firm at the LACC.

Comment:

LACC employees will be displaced as the CAO stated, in the LA Convention and Exhibition Center Authority meeting, that only 10 employees would be needed.

Please note that the General Manager explains to the Authority the status of Convention Center conditions and operation. Loss of personnel is more than displacement of an employee. This is a bond of trust between the Convention Center client to the expectation of delivery of the product.

In other words, people count and their loyalty and ability to execute makes a difference to the

marketability of the LA Convention Center.

Without that, why do you even conceive that Los Angeles could be competitive in the convention business?

Also, you have not studied what works.

Storage, now abundant but about to disappear with the Proposed Convention and Event Center Project, is a selling point for bookings.

That translates into a time factor, advantageous to the City of Los Angeles.

You are also ignoring the EMERGENCY PREPAREDNESS factor of the LA Convention Center, currently and in the future.

Why are you not asking the MANAGEMENT the right questions and allowing the GOVERNING BODY to govern responsibly.

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