

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer

When making inquiries relative to
this matter, please refer to the
Council File No.

Office of the
CITY CLERK

Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
General Information - (213) 978-1133
Fax: (213) 978-1040

SHANNON HOPPE
Council and Public Services
Division

www.cityclerk.lacity.org

June 27, 2013

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 12-0692, at
its meeting held June 26, 2013.



City Clerk
srb

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your

**BUDGET AND FINANCE COMMITTEE
and
TRADE, COMMERCE AND TOURISM COMMITTEE**

report as follows:

BUDGET AND FINANCE and TRADE, COMMERCE AND TOURISM COMMITTEES' REPORT relative to correspondence from SMG protesting the selection of Anschutz Entertainment Group (AEG) for the Management and Operation of the Los Angeles Convention Center (LACC).

Recommendation for Council action:

APPROVE the City Administrative Officer's (CAO) recommendation to find that the protest presented by SMG has no merit and thus deny the protest.

Fiscal Impact Statement: Neither the CAO nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

(The Council may recess to Closed Session, pursuant to Government Code Section 54956.9(d)(2) and (e)(2), to confer with its legal counsel relative to significant exposure to litigation in relation to the LACC Request for Proposal.)

SUMMARY

At a joint special meeting on June 25, 2013, the Budget and Finance and Trade, Commerce and Tourism Committees considered a CAO report relative to correspondence from SMG protesting the selection of AEG for the Management and Operation of the LACC. The CAO provides background information and reports that on December 12, 2012, the Mayor and Council instructed CAO to release a Request for Proposal (RFP) for the Management and Operation of the LACC. On December 21, 2012, the CAO released the RFP and two firms responded. After review for responsiveness on the required information, one firm, AEG Facilities was deemed non-responsive upon advice of the City Attorney as no information was provided for "Financial Sustainability". The City Attorney further advised the CAO to conclude AEG Facilities' participation in the RFP process. AEG issued a letter disagreeing with the conclusion that its submittal was non-responsive.

The CAO further reports that on April 22, 2013, a joint special meeting of the Budget and Finance and Trade, Commerce and Tourism Committees considered the CAO report dated April 16, 2013 relative to the RFP for the management and operation of the LACC, which addressed the protest filed by AEG. The Committees recommended and the Council instructed the CAO to re-issue the RFP for the management and operation of the LACC, with a 30 days submittal deadline.

On April 25, 2013, the CAO re-issued the RFP and two firms, AEG and SMG responded by the May 24, 2013 due date. An independent Evaluation Panel considered both proposals and recommended AEG. On June 9, 2013, the CAO received correspondence from SMG protesting the proposed selection of AEG. The CAO report dated June 21, 2013, attached to the Council file, identifies and discusses the five claims made by SMG.

During the Committees' discussion, the CAO and a City Attorney representative discussed the five claims made by SMG and responded to related questions from Committee members. The Committees provided an opportunity for public comment and heard testimony related to the protest. After further consideration, the Committees recommended to approve the CAO's recommendation to find that the protest presented by SMG has no merit and thus deny the protest. This matter is now submitted to Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE
COMMITTEE



TRADE, COMMERCE AND TOURISM
COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
ROSENDAHL:	YES
KORETZ:	ABSENT
LABONGE:	YES

<u>MEMBER</u>	<u>VOTE</u>
LABONGE:	YES
ROSENDAHL:	YES
BUSCAINO:	ABSENT

ep
12-0692_rpt_bfc_6-25-13

Not Official Until Council Acts

ADOPTED

JUN 26 2013

LOS ANGELES CITY COUNCIL

17

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your

BUDGET AND FINANCE COMMITTEE
and
TRADE, COMMERCE AND TOURISM COMMITTEE

report as follows:

BUDGET AND FINANCE and TRADE, COMMERCE AND TOURISM COMMITTEES' REPORT relative to the results of the Request for Proposal (RFP) process and selection of a contractor for the management and operation of the Los Angeles Convention Center (LACC).

Recommendations for Council action:

1. APPROVE the Evaluation Committee's proposed selection of Anschutz Entertainment Group (AEG) Facilities LLC as the successful bidder to the RFP for management and operations of the LACC.
2. AUTHORIZE the City Administrative Officer (CAO) and the LACC to execute a Memorandum of Understanding (MOU) between the City and AEG Facilities, LLC substantially in conformance with the general terms and parameters set forth in said report.
3. INSTRUCT the CAO, with the assistance of the City Attorney, Chief Legislative Analyst, LACC, and other departments as appropriate, to prepare and present to the Council within thirty (30) days a Management Agreement between the City and AEG that is consistent with the terms of the MOU, and which includes language that requires a financial investment to be used towards attracting citywide conventions, and that requires any additional available revenue generated by LACC operations to be reinvested towards the improvement of the LACC, and that caps the fee amount to the amount proposed by AEG in its RFP response.
4. INSTRUCT the Personnel Department to develop a process whereby full-time LACC employees will be offered placement in other City departments through regular transfer and the provisions of Charter Section 1014, and to start the process of placing employees upon execution of the Management Agreement with timing of the placement to occur in accordance with the operational needs of the LACC; and to work with other City departments to identify civil service exempt as-needed half-time positions for placement opportunities for LACC as needed civil service exempt employees that have attained half-time status and to start the process upon execution of the Management Agreement with timing of the placements to occur in accordance with the operational needs of the LACC.

Fiscal Impact Statement: The CAO reports that having a professional management company such as AEG operate and manage the LACC could result in significant savings through reduced expenses, cost efficiencies and establishing best practices. Further, implementing the proposed plan for an enhanced focused governance structure, a revised booking policy aimed at attracting citywide conventions, and developing a citywide plan to increase hotel capacity, are

critical factors necessary in helping the City achieve its goal of 400,000 and 425,000 citywide convention attendees - representing an increase of approximately 50 percent by 2020. Based on a previous study prepared by Beacon Economic, attached to Council file, this could increase the amount of Transient Occupancy Tax and Sales Tax received by the City by approximately \$7 million and \$12 million, respectively. There is no additional negative impact on the General Fund.

Debt Impact Statement: The CAO reports that this report has no immediate debt impact on the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At a joint special meeting on June 25, 2013, the Budget and Finance and Trade, Commerce and Tourism Committees considered a CAO report relative to the results of the RFP process and selection of a contractor for the management and operation of the LACC. The CAO report, attached to the Council file, provides recommendations which involve drafting and executing a MOU, establishing the roles and responsibilities of AEG and the City and the framework for the next ninety days. It also allows for the City to begin negotiations and drafting of the Management Agreement which will be submitted for Council consideration within 30 days.

During the Committees' discussion, the CAO and a City Attorney representative provided an overview of the recommendations and responded to related questions from Committee members. The Committees provided an opportunity for public comment. After further consideration, the Committees recommended to approve the recommendations contained in the CAO report dated June 21, 2013 and detailed above. This matter is now submitted to Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE
COMMITTEE



TRADE, COMMERCE AND TOURISM
COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
ROSENDAHL:	YES
KORETZ:	ABSENT
LABONGE:	YES

<u>MEMBER</u>	<u>VOTE</u>
LABONGE:	YES
ROSENDAHL:	YES
BUSCAINO:	ABSENT

ADOPTED

JUN 26 2013

LOS ANGELES CITY COUNCIL

FORTHWITH

ep
12-0692_rpt_bfc_6-26-13

Not Official Until Council Acts