

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to public-private financing options for the Los Angeles Convention Center Expansion Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AMEND AND REPLACE all of the previously adopted actions on the Economic Development Committee Report (Council file No. 14-1383) adopted by the City Council on December 15, 2015 with the recommendations below.
2. NOTE AND FILE the recommendations from the December 23, 2015 City Administrative Officer (CAO) report, attached to the Council file.
3. INSTRUCT the City Administrative Officer (CAO), Bureau of Engineering (BOE), Department of Convention and Tourism Development (CTD), and Chief Legislative Analyst (CLA) to proceed with a dual path approach for the Los Angeles Convention Center Expansion and Modernization Project (Project) where the City initiates the California Environmental Quality Act compliance process while simultaneously developing elements of the traditional and public-private partnership (P3) approaches with a final selection of one path by June 2016.
4. DESIGNATE a total project budget, if municipally financed, for the Project of not to exceed \$350 million of direct construction costs and \$470 million of total development costs (including direct, soft/indirect, and financing costs).
5. DESIGNATE the City Engineer as the Program Manager for the Project with oversight by the CLA and CAO in accordance with recommendation 3 above, and then, beginning in June 2016, with oversight from the Municipal Facilities Committee and assistance from the CTD, City Attorney, and Department of City Planning.
6. AUTHORIZE and APPROVE BOE to use \$3.3 million of Municipal Improvement Corporation of Los Angeles (MICLA) funding from the MICLA Commercial Paper Program (Los Angeles Convention Center) for the following purposes:
  - a. Delegate the authority to the Board of Public Works to execute a sole source contract with Populous Inc., for architectural and engineering design services for seven years with authority to issue a Notice to Proceed and complete Concept Design Refinement in an amount not-to-exceed \$1.7 million.
  - b. Procure a Project Management consultant to assist BOE with design support and construction cost estimation services in an amount not-to-exceed \$100,000.
  - c. Initiate the CEQA related activities including procurement of an Environmental Impact Report (EIR) consultant in an amount not-to-exceed \$1 million.
  - d. BOE staffing costs directly associated with EIR and design project components in an amount not-to-exceed \$500,000.

7. RESOLVE that the following new positions in the Department of Public Works are APPROVED and CONFIRMED, for the period March 1, 2016 through June 30, 2016, subject to allocation by the Civil Service Commission and paygrade review by the Employee Relations Division as follows:

| <u>Public Works Bureau</u> | <u>Code</u> | <u>Classification</u>           | <u>Quantity</u> |
|----------------------------|-------------|---------------------------------|-----------------|
| Bureau of Engineering      | 9489        | Principal Civil Engineer        | 1               |
| Bureau of Engineering      | 9485        | Senior Civil Engineer           | 1               |
| Bureau of Engineering      | 7925        | Architect                       | 1               |
| Bureau of Engineering      | 7561-2      | Building Mechanical Engineer II | 1               |
| Bureau of Engineering      | 7246-4      | Civil Engineering Associate IV  | 1               |
| Bureau of Engineering      | 7246-3      | Civil Engineering Associate III | 1               |
| Bureau of Engineering      | 9171        | Senior Management Analyst I     | 1               |
| Bureau of Engineering      | 1116        | Secretary                       | 1               |
| Bureau of Engineering      | 1368        | Senior Clerk Typist             | 1               |
| Board of Public Works      | 1523-2      | Senior Accountant II            | 1               |

8. DIRECT the Personnel Department to expedite the allocation of the above positions for Civil Service Commission consideration.

9. AUTHORIZE the CAO, with the assistance of its P3 financial advisor, Arup Advisory Inc., CLA, CTD, and BOE, to proceed with the detailed development of a Business Case for a Design-Build-Finance-Operate-Maintain procurement integrated with a real estate development component for the Los Angeles Convention Center (LACC) Expansion and Modernization Project (Project), inclusive of architectural and engineering services in support of the business case, with consulting services of up to \$1.9 million to be paid from the Capital Finance Administration Fund. The Business Case documentation will ensure that the City's policies concerning Convention Center design, operations, and maintenance enhance priority convention uses and event experience, efficiency, and flexibility, and that the City maintains design control to ensure implementation of these policies. The Business Case document's project description will prohibit residential uses. The Business Case will affirm the City's booking policy, with a priority on City-wide events that attract out-of-town visitors.

10. DIRECT the CAO to report to Committee once the Business Case has been developed and prior to issuing a Request For Qualification/Request For Proposal for the P3.

11. INSTRUCT the CAO to report to Committee in 30 days with details of the impact the Project will have on the City's debt capacity, including other Council approved projects affecting the debt capacity; potential to phase in the LACC Expansion and Modernization Project; and the impact of the signage, naming rights, and on-site hotel development on the project costs and debt capacity.

12. DIRECT the CTD and CAO to report on the status of the private management contract

and impacts of the P3 on that contract.

13. INSTRUCT the CAO and CLA to report on the fee structure that is negotiated in a P3, including cost controls and performance metrics.
14. DIRECT the CAO, with the assistance of the BOE, CTD, and other departments as necessary, to report on the staffing needed to support the traditional LACC project compared to the staffing needed to support the P3 procurement and development process, including costs.
15. AUTHORIZE the Controller to transfer \$1.9 million from Fund No. 100/53, Account No. 000316 to Fund No. 100/53, Account No. 000170.
16. INSTRUCT the BOE and CAO to complete the Design Services and P3 Business Case in 90 days from the date of Council approval of these recommendations, and to calendar and present the work to Council within 30 days thereafter.
17. DIRECT the Economic and Workforce Development Department (EWDD) to compile results from the Headquarters Hotel RFI and present to Council at the same time as the comparison of the P3 Business Case.
18. INSTRUCT the CAO, BOE, CTD, CLA, and EWDD to provide an update on all facets of the Project including the Headquarters Hotel to the Economic Development Committee and the Board of Los Angeles Convention and Tourism Development within 30 days from the date of Council approval of these recommendations and every 30 days thereafter.
19. AUTHORIZE the CAO to make any technical adjustments and corrections as necessary to transactions included in the report to implement the intentions of the Mayor and City Council.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund associated with the recommendations in its report as sufficient funds are currently budgeted in the General Fund, Capital Finance Administration Fund for the development of a business case of a P3 approach. The report is solely related to funding pre-construction costs and the evaluation of alternative funding options.

Debt Impact Statement: The CAO reports that the issuance of commercial paper notes will not cause the City's debt service payments to exceed six percent of the General Fund revenues for non-voted approved debt as these are short-term notes. However, upon completion of the Project, any outstanding commercial paper notes will be refinanced to long-term debt and will impact the City's debt capacity. The future repayment of the debt issued will be a General Fund obligation.

Community Impact Statement: None submitted

**(Personnel and Animal Welfare and Budget and Finance Committees waived consideration of the above matter)**

## Summary

At the public hearing held on February 9, 2016, the Economic Development Committee considered CAO reports relative to public-private financing options for the Los Angeles Convention Center Expansion Project. CAO staff gave the Committee background information on the matter. After an opportunity for public comment, the Committee recommended that Council approve the recommendations contained the CAO report dated February 4, 2016 as amended. This matter is now forwarded to the Council for its

Respectfully Submitted,

## ECONOMIC DEVELOPMENT COMMITTEE

| <u>MEMBER</u>  | <u>VOTE</u> |
|----------------|-------------|
| PRICE:         | YES         |
| CEDILLO:       | YES         |
| HARRIS-DAWSON: | YES         |
| KREKORIAN:     | YES         |
| MARTINEZ:      | ABSENT      |

SG  
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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**