

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 21, 2015

TO: The Economic Development Committee

FROM: Robert R. "Bud" Ovrom, Executive Director
Department of Convention and Tourism Development

SUBJECT: LOS ANGELES CONVENTION CENTER PARKING



SUMMARY

On February 13, 2015 a motion (Attachment I) was introduced instructing the Department of Convention and Tourism Development (CTD) to report on options that could potentially generate additional revenues from available parking resources at the Los Angeles Convention Center (LACC). The CTD Department recommends that Administrative Code Section (Code) 8.149.4 (Attachment II) be amended to enable the LACC to charge for non-Convention Center event parking without being restricted to a minimum rate. It is also recommended that the standard vehicle parking rate be increased from \$12.00 to \$15.00 to reflect current LACC parking rates and market conditions.

DESCRIPTION

The Code governs the parking rate structure at the LACC. Currently the Code enables the LACC to charge at a minimum rate of \$5.00 to a maximum rate greater than \$12.00 consistent with and not to exceed the current rates charged in privately owned parking facilities within a .25 mile radius of the LACC. The Code reflects that the standard vehicle parking rate is \$12.00. The Code also authorizes charging a vehicle parking rate greater than the standard parking rate for non-Convention Center event parking. Although the Code does not define non-Convention Center event parking, the CTD Department defines Convention Center event parking as parking generated from conventions and trade shows and local events and activities that include other trade shows, consumer shows, meetings, filming, entertainment, and community events.

Non-Convention Center Event Parking

The LACC parking areas and spaces includes the West Hall, South Hall, LA Live Way and Venice Street parking garages, and the Bond Street Lot. The LACC's occupancy is dependent upon but not limited to licensed conventions and trade shows, other shows and events, and filming. Although the LACC averages an occupancy rate of approximately 70 percent for the building, it is not often that all of its parking spaces are occupied at the same time. There are many opportunities to rent or license space for non-Convention Center event parking, without impacting our convention business or clients.

However, the Code restricts the amount to be charged for non-Convention Center event parking and therefore limits the LACC's opportunities for generating additional revenue. For example, available parking locations could be rented to local businesses that are in need of parking space. In order for the LACC to consider such opportunities, the CTD Department is requesting that the Code be amended to have no minimum rate for non-Convention Center event parking.

Standard Vehicle Parking Rate

As mentioned above, the Code reflects a standard vehicle parking rate of \$12.00. As the market for parking rates has increased, the LACC facility has appropriately adjusted its parking rate to \$15.00 to compete with privately owned parking facilities within a .25 mile radius. It is evident through time that the increase to \$15.00 has been steady and consistent; to the point that the LACC is now regularly charging at the \$15.00 rate. As such, it is also recommended that the Code be amended to establish the standard vehicle parking rate as \$15.00 for Convention Center event parking.

Debt Finance and Private Use

The Convention Center is bond-financed facility; therefore it is governed by a number of rules under the Federal Tax Code and IRS regulations. As such there are restrictions relating to "private business use" and "private payments" that could impact proposed agreements or the ability to enter into agreements. Therefore all proposed agreements will be considered on a case by case basis and subject to the review of the Office of the City Administrative Officer who will consult with the City's tax counsel and City Attorney on the feasibility of such proposed agreements.

CONCLUSION

The CTD's mission for the LACC facility is to have a first-class, state-of-the-art convention center that facilitates the City's goals of being a leading and primary destination of top-tier national and international conventions, trade shows and events. The proposed changes to the Code will not impact our mission. It is simply an opportunity to make full use of our asset while generating additional revenue to support enhancing our mission.

Upon approval of the recommendations below, the City Attorney will report back in 45 days to Committee with a proposed ordinance for the Council's consideration.

RECOMMENDATIONS

That the City Council request that the City Attorney report back with a proposed amendment to Section 8.149.4 and any other related sections as the City Attorney deems appropriate, to enable the Los Angeles Convention Center to rent or lease parking space for non-Convention Center event parking without being subject to a minimum rate, and to establish the standard vehicle parking rate as \$15.00.

FISCAL IMPACT STATEMENT

Although the CTD Department has not conducted a study on the fiscal impact of the proposed amendment, based on an informal survey it is anticipated that the proposed amendment could generate approximately \$400,000 to \$450,000 annually in LACC operating revenues, which are collected and managed by the LACC's private operator. The proposed recommendation has no fiscal impact on the General Fund.

Exec. Ref.: 15-073

cc: Kelli Bernard, Deputy Mayor of Economic Development
Rick Cole, Deputy Mayor of Budget and Innovation
Kimberly Miera, Office of the City Attorney
Derik Pearson, Office of the City Administrative Officer
John Wickham, Office of the Chief Legislative Analyst

ATTACHMENT I

TRADE, COMMERCE & TOURISM
MOTION

Parking fees are one of the most important sources of revenues to help operate the Los Angeles Convention Center (LACC). The LACC has over 5,400 parking spaces available, many of which are unused for extended periods when there are no trade shows, conventions, or other events underway.

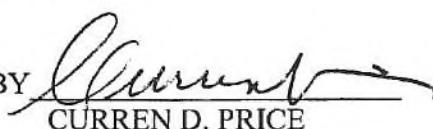
The Municipal Code governs the rate structure for the LACC. The current rates were revised in 2011 with the implementation of a flexible rate structure that provided the LACC with an opportunity to charge fees in keeping with the surrounding market for parking. This has been an effective tool to help generate additional revenue to support LACC operations.

Additional opportunities may be available to generate revenue, however. The Municipal Code does not currently allow the LACC to provide long-term parking leases to private entities. Some of the LACC's parking facilities, most notable the Venice Street parking garage, are not used for any LACC events for extended periods of time. An amendment to the Municipal Code might be appropriate to allow for long-term leases which would generate additional revenues for the LACC.

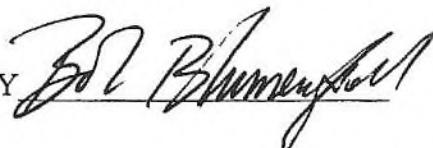
The City's efforts to privatize the LACC and operate the facility with greater flexibility have been successful in generate new revenues and greater savings for the City. As the City moves forward with plans to improve the LACC, additional revenues will be needed to support modernization and expansion as well as greater customer service. Any effort to generate new revenues will help the City ensure that the LACC is positioned to provide excellent customer service and attract new convention business to the City.

I THEREFORE MOVE that the City Council instruct the Los Angeles Department of Convention and Tourism Development to report on options to generate additional revenues from available parking resources at the Los Angeles Convention Center.

PRESENTED BY


CURREN D. PRICE
Councilmember, 9th District

SECONDED BY



ORIGINAL

FEB 13 2015



ATTACHMENT II

Sec. 8.149.4. Vehicle Parking Rates.

The standard vehicle parking rate shall be \$12.00 per vehicle at any vehicle parking lot or facility under the control and management of the Los Angeles Department of Convention and Tourism Development. The Executive Director of the Los Angeles Department of Convention and Tourism Development may authorize a flexible vehicle parking rate for certain times or events. The flexible parking rate may be adjusted from a minimum rate of \$5.00 to a maximum rate greater than \$12.00 consistent with and not to exceed the current rates charged in privately owned parking facilities within a .25 mile radius of the Los Angeles Convention Center.

The Executive Director may also authorize a vehicle parking rate greater than the standard vehicle parking rate authorized by this Section to be charged for non-Convention Center event parking or by a licensee whose use of the facility requires exclusive control of all or part of the parking spaces available and does not include the use of the spaces by the general public. Any greater vehicle parking rate shall apply only to the parking spaces in control of the licensee.

SECTION HISTORY

Added by Ord. No. 150,795, Eff. 6-5-78.

Amended by: Ord. No. 153,257, Eff. 1-24-80; Ord. No. 156,318, Eff. 3-14-82; Ord. No. 158,477, Eff. 12-26-83, Oper. 1-1-84.; Ord. No. 163,063, Eff 1-29-88; In Entirety, Ord. No. 166,965, Eff. 6-24-91, Oper. 8-6-90; Ord. No. 167,696, Eff. 5-7-92; In Entirety, Ord. No. 169,917, Eff. 8-6-94, Oper. 7-1-94; Ord. No. 172,690, Eff. 8-8-99.

Readopted by Ord. No. 173,492, Eff. 10-10-00.

Amended by: In Entirety, Ord. No. 174,630, Eff. 7-14-02; Ord. No. 177,826, Eff. 9-18-06; In Entirety, Ord. No. 181,640, Eff. 5-23-11; Ord. No. 183,008, Eff. 6-9-14.