

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: June 21, 2019

TO: Honorable Members of the City Council

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No. 15-1207-S1

Assignment No. 19-06-0649

SUBJECT: Update Regarding Design and Development for Expansion of the Los Angeles Convention Center

SUMMARY

On January 15, 2019, the City of Los Angeles and the Anschutz Entertainment Group (AEG) entered into an Exclusive Negotiating Agreement (ENA) regarding design and development of a potential expansion to the Los Angeles Convention Center (LACC). During the course of negotiations between City staff and AEG, the City Attorney advised that, due to new information, Council authority is required to proceed with the design and development of the LACC. Council approval of this Report's recommendations would authorize City Staff to advance negotiations in a manner that achieves efficiencies and cost savings in the project. Below is a discussion of each of these recommendations:

Ordinances Required for Final Business Transactions

As the design and development process has evolved, the City Attorney has identified the potential need for various ordinances to be prepared related to procurement of services. Due to the fact that the negotiation process is fluid, which could potentially result in unanticipated project structures that may require one or more ordinances, we recommend that City Council request the City Attorney to prepare any ordinances that may be necessary for the implementation of this project.

Assignment of APCLA as Contracting Party to ENA

The current ENA was entered into by the City and AEG. At the time of approval, it was anticipated that AEG would enter into a partnership with Plenary, as noted in the staff report. Section 3.6 of the ENA states, "this ENA may not be assigned without the prior written approval of City, which City may approve, disapprove or withhold in its sole and absolute discretion; provided, however, that AEG shall have the right to assign this ENA to an entity that controls, is controlled by, or is under common control with, AEG, without requiring the City's consent."

The AEG Plenary Conventions Los Angeles, LLC partnership (APCLA), of which AEG is a party, does not fall within the direct parameters of assignment of Section 3.6 of the ENA. Therefore, Council action is needed to permit AEG, and the City to approve, assignment of the ENA to APCLA. In order to permit this change of assignment, we recommend that Council authorize the Chief Legislative Analyst to take any actions necessary to reassign the contracting Party of the ENA from AEG to APCLA.

Self-Performance of Long-Term Facilities Maintenance

Section 2.2.a.6 of the ENA includes language stating that the Parties will “run a competitive selection process for a Design-Builder and for a long-term facilities maintenance contractor based on the approved Schematic Design Plus documentation.”

During negotiations, APCLA representatives have expressed a desire to have AEG self-perform the long-term facilities maintenance of the LACC. The price and quality of AEG’s maintenance would be consistent with the best bid in a competitive bidding process. City staff desires the flexibility to negotiate with APCLA on this potential option which deviates from the ENA. In order to provide City staff with this flexibility, we recommend that Council authorize the Chief Legislative Analyst to renegotiate the ENA to allow APCLA the ability to self-perform aspects of the long-term Operations and Management of the Los Angeles Convention Center.

Further, City staff wishes to inform the City Council of the following development that has arisen during negotiations:

Update on Alternative Configurations for Parking Construction

The ENA notes the contemplation of a proposed LA Live Way Garage to support the parking needs of the LACC and surrounding area. In the course of negotiations, City staff and APCLA have alternative parking configurations that would provide significant saving to the project. These alternate plans are being considered in order to reduce costs and retain efficiency of operations at the LACC. Our Office will report if additional Council action is required to proceed with design and development of alternative parking configurations.

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. REQUEST the City Attorney to prepare and present any ordinances that may be necessary to implement the business transactions for expansion of the Los Angeles Convention Center;
2. AUTHORIZE the Chief Legislative Analyst to take any actions necessary to reassign the contracting Party of the ENA from “AEG” to “AEG Plenary Conventions Los Angeles, LLC” (APCLA); and
3. AUTHORIZE the Chief Legislative Analyst to renegotiate the ENA to allow APCLA the ability to self-perform aspects of the long-term Operations and Management of the Los Angeles Convention Center.



Alex Whitehead
Analyst