



Board of Los Angeles Convention and Tourism Development

Regular Meeting Minutes

June 18, 2014

9:00 a.m.

The Board of Los Angeles Convention and Tourism Development (Board) convened a regular meeting on Wednesday, June 18, 2014 at 9:05 a.m., at the Los Angeles Convention Center (LACC), located at 1201 South Figueroa Street, Los Angeles, CA 90015, in the Executive Board Room.

ITEM NO. 1 CALL TO ORDER / ROLL CALL

The meeting was called to order by President Jon Vein.

Present:

President Jon F. Vein
Commissioner Nicole Duckett Fricke
Commissioner Otto Padron
Commissioner Gillian Zucker

Robert R. "Bud" Ovrom, Executive Director
Tom Fields, Assistant General Manager & Chief Operations Officer
Marla Bleavins, Assistant General Manager of Finance & Administration
Glyn Milburn, Business Team Representative – Office of the Mayor
Terry Martin Brown, Assistant City Attorney – Office of the City Attorney
Brad Gessner, Sr. Vice President & General Manager of the LACC – AEG
Diana Mangioglou, Sr. Administrative Analyst II – Office of the City Administrative Officer
Barbara Kirklighter, Vice President of Revenue Strategy –
Los Angeles Tourism & Convention Board (LATCB)
Cristine Villorante, Recording Secretary

Absent:

Vice President Ray Bidenost

ITEM NO. 2 PUBLIC COMMENT

There was no public comment.

ITEM NO. 3 APPROVAL OF THE MARCH 5, 2014 MINUTES

The June 4, 2014 Commission Minutes were unanimously approved.

ITEM NO. 4 EXECUTIVE DIRECTOR'S REPORT

a. Plan B Update

Mr. Ovrom updated the Board on the status of Plan B and highlighted the following:

- Plan A consists of building on to the existing structure, tearing down the West Hall to build the stadium. Plan A expires in mid-October of 2014. The City is committed to Plan A, but if an NFL team does not come to Los Angeles, the City has contemplated alternative plans (Plan B) as a fiduciary obligation to the citizens of the City.
- Make LACC larger with more contiguous space and modernize the West Hall
- Currently, the LACC has 720K sq. ft. exhibit space. With Plan A, there would be 1.121M sq. ft., to include Farmer's Field. With Plan B, there would be 1.278M sq. ft., increase meeting rooms from 55 to 85, taking LACC to the 5th largest convention center in the nation.
- Plan B will spend three years in design work (most conservative estimate), completion in 2017.
- Integrate a hotel
- Come up with a better name for Plan B
- Working on a White Paper and Communications plan

Commissioner Duckett Fricke asked how Plan B will be financed. Mr. Ovrom will incorporate the finances into the White Paper. To summarize, the West Hall is paid off, the South Hall has 10 years to go on the original 30-year bonds. There will be some form of refinancing done. To be politically sound, the goal is to keep the TOT at 14% and stay within the 3.5% of TOT (estimated to be \$52M, to pay for the debt service).

b. Task Order Solicitation (TOS)

Mr. Fields updated the Board on the TOS and highlighted the following:

- The TOS was announced last week Wednesday, June 11, 2014 and the Bidders Conference is scheduled on Monday, June 23, 2014.
- The City has a list of pre-approved architects which will be invited to take part in the TOS process. The Bureau of Engineering has an established list of on-call architects (City authorized contractors).
- Stage 1 – identify three firms to move forward
- Stage 2 – three firms will be given a stipend of \$200K for a conceptual design
- Construction cost estimated at \$350M
- Hotel estimated to open in December of 2019

Commissioner Zucker asked if there is an opportunity, through AEG, to get design ideas from someone who is not pre-approved. Mr. Fields stated that there are several entities through which design ideas can be gathered; through operator perspective, a client advisory committee, and a consulting group. Mr. Fields also added, as part of the TOS process, the architectural design team needs to consist of a firm that specializes in big convention center design.

President Vein asked if it will be possible to take the best concepts from the various submittals and incorporate it into the final design, to which Mr. Fields confirmed it possible.

Commissioner Duckett Fricke asked who will be in the selection committee. Mr. Fields stated that the Office of the Chief Legislative Analyst is the political leader and the Bureau of Engineering is the lead office for the TOS. The selection committee participants are yet to be determined.

c. Capital Improvement Projects (CIP)

Mr. Fields reported on the CIP to the Board and highlighted the following:

- There is \$4M that is being carried over from FY 13-14 and \$5.4M budgeted for FY 14-15. Almost \$10M has been allocated for LACC improvements. The LACC hasn't had this kind of money invested since the 1993 expansion.
- 15 projects are scheduled to be done within FY 14-15 which will require a lot of coordination to complete. Our Department, the Los Angeles Convention and Tourism Development (CTD), will be working with the Department of General Services (GSD) on these projects. There may be a possibility of incorporating some of the CIP projects into existing Citywide projects.
- The CTD planned for sidewalk repairs next fiscal year, but was able to incorporate the repairs into the City's Sidewalk Replacement Project this fiscal year.
- The CTD is working with the Department of Water and Power on the installation of Automatic Transfer Switches in the South Hall in the month of December.

Commissioner Zucker asked if the AEG management contract can be amended. Ms. Martin Brown responded that the management contract can be amended, with the City Council's approval. Ms. Bleavins added that Ms. Noreen Vincent, Senior Assistant City Attorney, was consulted during the management agreement process. Ms. Vincent was involved in drafting the management agreement. Ms. Vincent made two points during consult; 1) the original RFP did not contemplate the private operator to be involved in executing Capital Projects and 2) the City cannot delegate its contracting authority to a private entity for public work projects.

President Vein asked questions relative to taking advantage of AEG's purchasing process rather than going through the City's process, which is sometimes more costly and takes more time. Ms. Martin Brown stated that the CIP projects were not

incorporated into the management contract between the City and AEG. This topic has been discussed and reviewed, but Ms. Martin Brown was not involved in the initial discussion. Ms. Martin Brown will be involved in future discussions. Mr. Fields added that at this time, the CTD is looking at the City's existing contracts, meeting with the City Attorney's Office and GSD to see what options are available.

There was further discussion on cost efficiencies for the CIP projects. Mr. Gessner stated that AEG stands ready to assist the City if called upon. Mr. Gessner also suggested the development of a hybrid process whereby AEG and the City administer the contract with strict oversight from the City.

d. LATCB Contract

Ms. Bleavins reported on the LATCB contract and highlighted the following:

- The current contract expires June 30, 2014.
- The CTD has received approval and has executed a six month contract extension, which runs through December 30, 2014.
- The CTD is in the process of drafting a new contract. There are currently 20 proposed changes (list was provided to the Board).

The points of disagreement between CTD and LATCB are:

- Discount approval process
 - Regularly apprise CTD Board of major destination advertising and tourism media campaigns
- The Board's involvement in the contract negotiation process is prohibited, but can be discussed during public meetings.

e. Hotel Strategy Status

Mr. Ovrom reported that there is a shift in strategy with an emphasis on an on-site hotel verses off-site hotels. The surrounding developers are not interested in constructing 1,000-room hotels; they are more interested in building 300-room hotels.

f. E3 Results

Mr. Gessner reported a successful E3 event and highlighted the following:

- There were 700 more registered attendees this year in comparison to last year. There is a 45,000 cap which was exceeded.
- Parking revenues were \$25K, less than last year, due to more use of public transportation and patrons walking over from neighboring hotels.
- Food and beverage revenue was up, at \$64K.
- During the Post Convention meeting, E3 show management had nothing but good things to say. Parking operations were better, noticed cleanliness, and patrons felt more comfortable to walk from their hotels to the LACC.

ITEM NO. 5 AGENDA FORECAST / SPECIAL TOPICS:

The LATCB contract will be an agenda item until such time it is approved by the City Council.

ITEM NO. 6 ADJOURNMENT

The meeting was adjourned at 10:31 a.m.