



**LOS ANGELES CONVENTION CENTER
BOARD OF COMMISSIONERS**

Regular Meeting Minutes

**March 5, 2014
9:00 a.m.**

The Los Angeles Convention Center Department Commission (Commission) convened a regular meeting on Wednesday, March 5, 2014 at 9:14 a.m. The meeting took place 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.

Commissioners Present:

President Jon F. Vein
Vice President Ray Bidenost
Commissioner Nicole Duckett Fricke
Commissioner Gillian Zucker

Commissioners Absent:

Commissioner Otto Padron

Department Staff Present:

Robert R. "Bud" Ovrom, Executive Director
Tom Fields, COO & Assistant General Manager
Marla Bleavins, Assistant General Manager - Finance and Administration
Cristine Villorante, Recording Secretary

Guests Present:

Brad Gessner, Sr. Vice President & General Manager of the LACC – AEG
Darren Green, Sr. Vice President of Sales – Los Angeles Tourism & Convention Board
Barbara Kirklighter, Sr. Director of Research & Revenue Strategy – Los Angeles Tourism & Convention Board

ITEM NO. 2 PUBLIC COMMENT

There was no public comment to report.

ITEM NO. 3 APPROVAL OF THE FEBRUARY 12, 2014 MINUTES

The Joint Commission meeting minutes from February 12, 2014 were unanimously approved.

ITEM NO. 4 MONTHLY STATUS REPORT FOR JANUARY 2014

a. AEG

Mr. Brad Gessner presented the Commission with AEG's January status report. The highlights are as follows:

- Introduction of AEG's senior management team.
- Rian Hanneman, Director of Operations for Levy Restaurants, gave a brief presentation on the upgrades made to the food service at the LACC, its new branding "Taste of L.A.," biodegradable service ware, purchasing from local sources, and an introduction to Groundwork Coffee Company and Melissa Produce.
- Summary of transition from LACC to AEG.
- Summary of Management Transition.
- 10 contracts equating to \$1 million and 30% of AEG's service contracts were awarded to minority-owned, women-owned, or small business enterprise which exceeds the City's requirement for contracted services.
- Staffing is at its leanest in history with 81 full time and 71 part time employees. AEG plans to hire more employees next fiscal year.
- Total of 24 events in January.
- Total revenue is \$250K above forecast.
- Total expenses are \$200K favorable to forecast.
- Initiatives include maximizing parking, food & beverage, filming, advertising & sponsorship sales, and utility contractors' commissions.

b. LATCB

Mr. Darren Green presented the Commission with LATCB's January status report. The highlights are as follows:

- Room night comparison from 2010-2016 showing upward growth from earlier years.

- Summary of 2014 Citywide Conventions with five actualized and five upcoming. Repeat events include Neighborworks America and Zumba. National Cable & Telecommunications Association will do well in auxiliary spending with electrical services and catering.
- Lead production goal is 200 for FY13/14 with a 128 leads year-to-date.
- Booked room nights plan for FY13/14 is 440,000 room nights with 101,000 room nights year-to-date.
- A total of nine promotional trips to promote Los Angeles are planned for FY13/14.
- Marketing services for FY13/14 include \$36M in publication and broadcast circulation value.

ITEM NO. 5 EXECUTIVE DIRECTOR'S REPORT

a. Update on Governance Ordinance

Mr. Ovrom reported that Council Member LaBonge expressed a willingness to call a Special Meeting of the Trade, Commerce and Tourism Committee for the purpose of adopting the Governance Ordinance. Mr. Ovrom and the City Administrative Officer, Mr. Miguel Santana, have made calls to Council Member Krekorian to request that the Governance Ordinance be waived out of the Budget and Finance Committee and be forwarded to the full City Council and adopted.

b. Capital Improvement Projects (CIP) Report

Mr. Fields explained the CIP spread sheet which summarized LACC's CIP projects, with Plan B in mind. The projects highlighted were security surveillance and solar roof. President Vein requested that the Commission be updated on a monthly basis.

c. Budget Update

Ms. Bleavins reported on the budget. The highlights are as follows:

- Currently working on two budgets: resolving the current fiscal year budget and working on the next fiscal year budget, which is currently being considered by the Mayor's office.
- Budget Summary for FY13/14
 - \$26.1M budget
 - Projected deficit of \$1.6M due to aggressive revenue projections at the beginning of the fiscal year, less rental space and ancillary revenue.

- Change in electrical model resulted in decrease in gross revenue, however there are corresponding cost reductions.
- Current budget was established months ago and did not assume a private operator would come on board, which incurred transition costs such as IT transitions, and employee payouts for accumulated vacation time and retirement.
- LACC can cover operating costs; the concern is the \$2M that must be paid to the City in related costs (pension, health care benefits).
- LACC is mitigating shortfalls by delaying capital expenditures, salary savings from high vacancy rates, AEG's lower cost structure, AEG's low staffing levels, and contracting of services.
- In terms of the City's process for addressing budget issues, the City Administrative Officer (CAO) has a Financial Status Report (FSR) issued four to five times each year that makes adjustments for City Department. The current FSR was heard at the Budget and Finance Committee last Monday and approved by City Council this morning. Currently, there are no recommendations for transferring funds to the LACC. The CAO wants to wait until the next FSR to see if it's really needed.
- Options that are under consideration by staff, in working with the Budget committee, are to request a relief/reduction of the LACC's General Fund obligations (\$2M in related costs and Staples Center incremental parking revenues that pays the debt service) or borrow from the General Fund and pay it back the following fiscal year.
- Some of the revenue enhancements include the parking revenues and the lower cost margin of the food & beverage provider.

President Vein mentioned the increasing trend of unlimited vacation, with a caveat that the employee's work is done, for AEG's consideration.

President Vein also mentioned the Commission's establishment of two sub-committees: a Budget Committee, with Pres. Vein and Commissioner Zucker, to investigate details on budget issues and a Dispute Committee, with Vice Pres. Bidenost and Commissioner Padron, to handle client disputes.

ITEM NO. 6 AGENDA FORECAST / SPECIAL TOPICS

Due to timing issues, the schedule of the AEG and LATCB monthly reports will be adjusted to the first meeting of the month to report on the month before last.

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Commissioners Duckett Fricke and Zucker gave notification that they will not be available to attend the Commission meeting scheduled on March 19, 2014.

President Vein and Commissioner Duckett Fricke gave notification that they will not be available to attend the Commission meeting scheduled on April 2, 2014.

ITEM NO. 7 ADJOURNMENT

The meeting was adjourned at 10:37 a.m.