



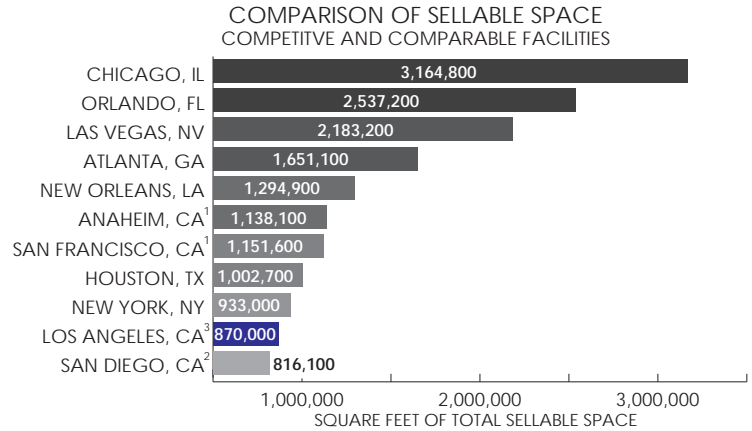
# THE FUTURE OF THE LOS ANGELES CONVENTION CENTER

## WHY IS EXPANSION AND MODERNIZATION NECESSARY?

As the second largest city in the nation, Los Angeles has tremendous appeal as a destination but does not have a convention center to match. Compared to other cities, the Los Angeles Convention Center (LACC) is relatively small (right).

We need to modernize and expand the LACC to **keep pace with trends in the industry**, particularly with immediate competitors in California, such as Anaheim, San Diego, and San Francisco, who are investing heavily in their respective convention centers in order to increase economic benefit to their cities.

As these cities already outpace the LACC in terms of citywide events, delegate attendance, room night generation, and subsequent economic impact (below), it shows that **there is strong market demand** for the LACC expansion and modernization.



Reported by CSL, 2015  
 1. Figure includes current expansion projects  
 2. Figure does not include upcoming expansion project  
 3. Reported by CID Department

## CONVENTION CENTER ROOM NIGHT GENERATION COMPARISON IMMEDIATE COMPETITORS

CALENDAR YEAR 2014	LOS ANGELES	SAN FRANCISCO	ANAHEIM	SAN DIEGO
CITYWIDE EVENTS	26	59	64	76
ROOM NIGHTS SOLD	197,037	1,018,422	471,256	673,955
AVG ROOM NIGHTS/EVENT	7,578	17,261	7,363	8,868

Reported by LATCB, 2015; Visit San Diego, 2015

If the LACC does nothing while the competition does more, an erosion of the LACC's market share is forecasted and the current levels of economic benefit to the City will drop even further.

However, this project is not just about increasing the size of the LACC – simply building a larger physical facility is not enough to turn around a struggling convention center. Instead, the Mayor and City Council are using a data-driven, rational approach for turning the LACC into a better economic engine for the City. A private sector convention center operator, a new, entrepreneurial governance structure, increased hotel rooms within walking distance, and a greatly improved building all contribute to the effort to compete for regional, national, and international markets for convention business.

## WHAT IS THE PRIMARY GOAL OF THIS PROJECT?

### LACC SPACE OFFERINGS APPROXIMATIONS IN SQUARE FEET

TYPE OF SPACE	EXISTING TOTALS	NEW TOTALS
EXHIBIT	720,000	865,000
BALLROOM	0	97,200
MEETING ROOM	150,000	206,000
EXTERIOR BALLROOM	0	75,000
GRAND TOTAL	870,000	1,243,200

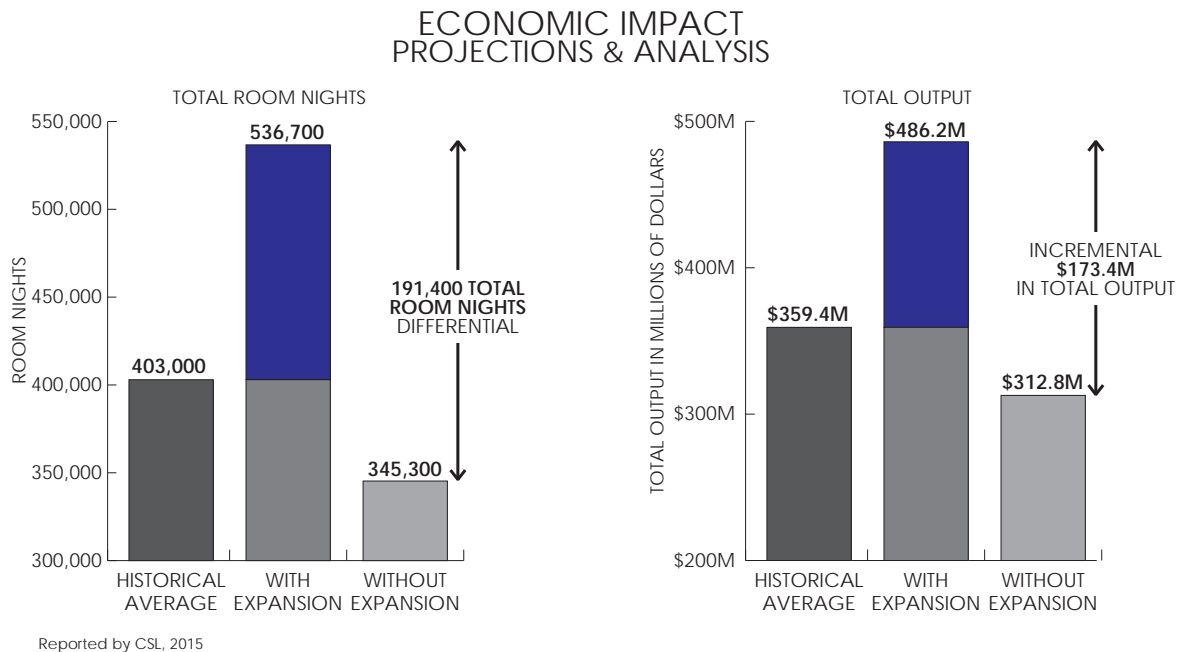
The new configuration and increased space offerings (left) were specifically chosen to **attract larger conventions and simultaneously host multiple, large-scale events**, thus maximizing the increase of economic impact to the region.

# WHAT ARE THE BENEFITS OF EXPANSION?

**Bringing tourists and conventioners to our city is one of the most impactful forms of economic growth.** They come from all around the nation and world, stay in our hotels, eat in our restaurants, shop in our stores, and then go home before they use our parks, libraries, schools, police, fire, etc. Every tax dollar collected from an out of town visitor is one less dollar which has to be raised from local residents and businesses. These additions contribute more revenue to the City's General Fund, which in turn can be used to help pay for vital services for residents.

The whole City and greater Los Angeles region stand to benefit from the expansion with **more jobs, increased tax revenues, and boosted direct and indirect economic impact.** According to an economic impact report by Conventions, Sports & Leisure, International (CSL) in 2015, an expanded and modernized LACC could yield significant benefits after a five-year ramp up period.

Hotel room nights from citywide events could increase by 33% above the historical five-year-average, which translates into greater hotel tax revenue and a stronger leisure and hospitality industry. Direct spending, earnings, and employment could increase by 35%, which would be a gain of \$126.8 million above the historical average. City revenues derived from local sales, transient occupancy, business, and parking taxes could also stand to increase by 35%.



# HOW WILL JOBS BE IMPACTED?

According to the analysis by CSL, average employment generated by conventions and events hosted at the LACC could increase by 36%, from 3,900 full and part-time permanent jobs to 5,300. In addition, construction activity related to the expansion could also generate about 1,800 temporary jobs. If the City makes no improvements, average employment generated by the LACC is estimated to drop by 13%.

# WILL THERE BE OPPORTUNITIES FOR DBE/MBE/WBE BUSINESSES?

Yes, even beginning with the design and construction aspects of the project. The City has very strong policies for ensuring collaboration with Minority, Women-owned, Emerging, Disabled Veteran, Disadvantaged, Small Local, and Other Business Enterprises, and Populous|HMC share that enthusiasm by partnering with businesses that qualify as such.

# WHAT IS THE PROPOSED COST?

The City’s targeted budget for this project includes construction costs of \$350 million, plus an additional \$120 million for “soft costs,” such as architecture, engineering, permitting, etc., for a **total project cost of \$470 million**. To verify the feasibility of the program in the proposed design, the design team engaged two professional estimating organizations, who indicated that the project and its assumptions could be built at just under the \$350 million target.

# HOW WILL IT BE PAID FOR?

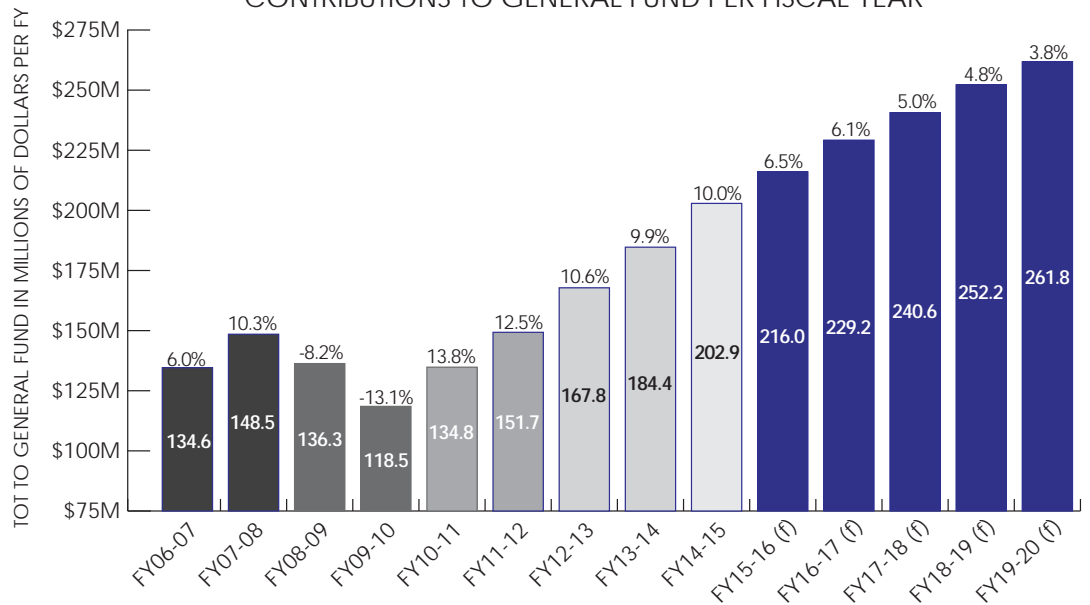
The CTD Department has committed to living within its means and will **not** request levying any new taxes or increasing any current tax rates. Bonds issued to pay for this project could be **paid for by taxes already being charged to hotel guests**.

Historically, all construction of the LACC has been paid for by the Transient Occupancy Tax (TOT), a tax charged to visitors who stay in local hotels. The current tax rate is 14%, of which 3.5 points were specifically raised, with the support of the hotels, for the Convention Center. For this Fiscal Year, the debt service for the LACC is \$48 million. With the resurgent economy, particularly in the Leisure and Hospitality Sector, the TOT is one of the fastest growing revenues in the City (see graph).

Bonds issued to pay for West Hall have been paid off, and the bonds issued for South Hall will be paid off in seven years. Based on current interest rates and market conditions, the new project could be paid for by staying within the funds already being budgeted for debt service.

The CAO has been charged with developing a financing plan, and is diligently looking into every possible financing opportunity, from traditional municipal bonds to alternative financing strategies and public private partnerships.

LOS ANGELES TRANSIENT OCCUPANCY TAX CONTRIBUTIONS TO GENERAL FUND PER FISCAL YEAR



Reported by Los Angeles Office of Finance; 5-year Forecast, Fiscal Year 2015-16 Los Angeles City Budget

# WHEN IS THE EXPECTED OPENING DATE?

The ultimate project completion is targeted for **December 2020**, provided that all the necessary approvals are obtained this fall. Currently, the construction schedule is planned in phases to maintain existing levels of space inventory throughout the project, ensuring a strong continuity of business plan.

TASK	2016				2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ENVIRONMENTAL IMPACT REVIEW & APPROVALS	█																			
CONCEPTUAL DESIGN (REFINEMENT)	█																			
SCHEMATIC DESIGN		█	█																	
DESIGN DEVELOPMENT				█	█	█														
CONSTRUCTION DRAWINGS							█	█												
CONSTRUCTION PHASE I									█	█	█	█								
CONSTRUCTION PHASE II													█	█	█	█				

# WHO DESIGNED THE PROPOSAL FOR THE LACC EXPANSION?

The architectural team is led by Populous, and includes HMC Architects and specialty consultants. The team is a collection of local and industry-leading talent in convention center design and construction. An architectural service contract between the City and the team is currently being drafted, and will be reviewed by City Council in November.

# WILL THE EXPANSION BE GREEN?

Yes, sustainability has been a priority in the design proposal, and the design team committed to the standards of a **LEED Gold Certified facility**. Features beyond LEED Gold have also been considered, and could be implemented if adequate funding is secured. Some options include pathways toward net-zero-water and net-zero-energy, solar thermal and photovoltaic panels, storm water capture and reuse, greywater harvesting, and upgraded heating and cooling systems.

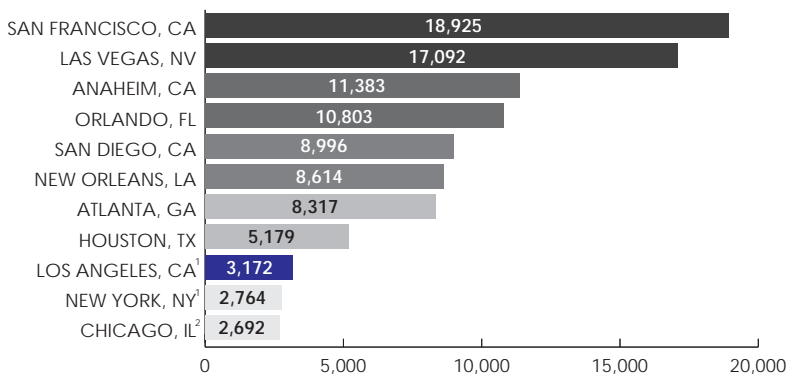
# WILL ANY STREET LEVEL IMPROVEMENTS BE INCLUDED?

Yes, the proposed design has taken great care to consider the impact of the LACC on the surrounding community, and how the building's footprint affects the neighborhood. The goal is to weave the campus into its surroundings, while aiding the growth and resurgence of its Downtown Los Angeles home. The reconfiguration of the campus will facilitate better circulation for pedestrians and vehicles along Pico Boulevard and Figueroa Street, especially where the campus links to L.A. LIVE, South Park, and Pico Union.

Open spaces will be outfitted with native landscaping, creating welcoming and functional areas for event and community programming. Gilbert Lindsay Plaza has been reimaged as a zocalo, or a public square, with the potential for farmers markets or other large-scale gatherings of local residents.

# WHY IS A HOTEL PAD BEING CONSIDERED FOR THE LACC SITE?

HOTELS WITHIN WALKING DISTANCE OF CONVENTION CENTERS  
COMPETITIVE AND COMPARABLE FACILITIES



Reported by CSL, 2015  
1. Reported by CTD Department, 2015  
2. Reported by CSL, 2014

Including an on-site hotel with at least 1,000 rooms is an integral part of the CTD Action Plan to turn the LACC from an underperforming asset into a powerful, long-term economic engine for the region.

While adding convention center space is very important for attracting the right business, complementary hotel room and meeting room space inventory within walking distance is equally important. Meeting and event planners specifically look for large headquarters hotels, and they prefer a seamless integration of their program. The LACC lacks in hotel room inventory within walking distance, especially compared to the competition.

However, thousands of rooms are under construction or in the pipeline. Adding an on-site hotel will give that boost the LACC needs to be a top-tier convention and meetings destination.

A request for interest (RFI) administered by Strategic Advisory Group, LLC, and the City Economic and Workforce Development Department will survey hotel developers and operators regarding their interest in this project. Results are due back in early 2016.

# WHO WOULD OWN THE ON-SITE HOTEL?

The City will own the parcel of land, but will contract with an outside developer and operator, via a long-term land lease.



DEPARTMENT OF  
**CONVENTION &  
TOURISM DEVELOPMENT**  
CITY OF *Los Angeles*