The view from the ballroom terrace looks north, offering views of L.A. LIVE, Downtown and beyond.

This report may be electronically downloaded from www.lacclink.com/about/la-city-department
When I began my term as your Mayor, I made it clear that my top priorities would be rebuilding our economy and job creation. During the intervening two years, we have made great strides, particularly within the tourism and leisure and hospitality sectors:

- **The number of visitors to Los Angeles is up 6.8%**, from 41.4 million in 2012 to 44.2 million in 2014 — well on the way to our goal of 50 million visitors by 2020.

- **Those 44.2 million visitors infused $19.6 billion directly into Los Angeles’ economy** in 2014, up 12.6% in just two years.

- In fiscal year 2014-15, for the first time in the City’s history, **hotel taxes on visitors earned over $200 million for the City’s General Fund**, up 20.9% from just two years ago.

- Perhaps most importantly, **the average number of jobs in the leisure and hospitality sector has grown to 474,700** in FY 2014-15, an increase of 11.3% from two years ago. This is the fastest rate of growth among the ten super sectors tracked by the California Employment Development Department.

Taken together, all of these figures confirm my belief that investing in our Los Angeles Convention Center (LACC) is an investment in our future: bringing more revenues, more visitors and more jobs to Los Angeles.

Increasing the number of tourists and conventioneers in our city is one of the most impactful forms of economic growth. These national and international visitors stay in our hotels, eat in our restaurants and shop in our stores — generating significant revenue for our City’s vital public services and benefiting local residents and businesses.

The Department of Convention and Tourism Development is now proposing an expansion and modernization of the Los Angeles Convention Center which, when combined with the phenomenal success of our neighboring partners at L.A. Live and Staples Center, will make us the premier sports, convention, and entertainment center on the West Coast.

The City Administrative Officer has been directed to develop a financing plan for this nearly $500 million project. This unique timing allows the Convention Center to undertake a major renovation while still living within its existing means. One option not under consideration is raising taxes — I will not support any new taxes to pay for this project.

The time is ripe for expansion, especially with Downtown Los Angeles currently experiencing a monumental surge in growth and development. These circumstances will help the LACC to increase its potential as an economic engine for the region while transforming into an international icon worthy of our great city!

I encourage readers to thoroughly review this important report and project. A decision by the City Council and me is scheduled for early November 2015. I look forward to your input. Please leave me your thoughts at mayor.garcetti@lacity.org.

Very truly yours,

Eric Garcetti
Mayor
City of Los Angeles
THE CASE FOR EXPANSION

SETTING THE STAGE

The Los Angeles Convention Center (LACC) is at a historic crossroads. For many years, it has been viewed as an underachieving City asset, or even as a “white elephant,” but now there is a tremendous opportunity to change that perception.

In 2012, the City and AEG developed a plan to construct an NFL stadium on a portion of the LACC site and to integrate that stadium with a modernized Convention Center. Despite all the efforts of the City and AEG, no NFL team committed to the Downtown location. Fortunately, the Mayor and City Council had the foresight to begin work on a plan to expand and modernize the Convention Center without a stadium.

On June 4, 2014, the City Council approved a design competition to develop a new master plan for the LACC. The City recently selected the winning design and in November 2015, the City Council will determine the next steps in the process of expanding and modernizing the LACC. At that critical moment, City Council will consider the following items:

• An architectural service contract between the City and the winners of the design competition;
• A financing plan by the City Administrative Officer;
• An economic impact report, prepared by Conventions, Sports & Leisure, International;
• And a request for interest administered by an outside consultant regarding an on-site, 1,000-room hotel.

This proposal does not assume, as convention center proposals in other cities have, that a dramatic physical upgrade alone is enough to turn around a struggling convention center. Instead, it builds on a data-driven, rational approach to the convention business, implemented two years ago by the City when it privatized daily operations and instituted an entirely new governance structure, more entrepreneurial than before and less dependent on City bureaucracy.

Under the management of AEG Facilities, the LACC generated its first ever operation profit, two years in a row, since privatization. The 2014-15 fiscal year ended with $2.6 million in profit, which is being reinvested into the LACC.

Expanded transit will provide improved access to the beaches, LAX, Hollywood, and Universal Studios. Thousands of new hotel rooms within walking distance are in the development pipeline, and South Park is experiencing a revitalization, especially with notable mixed-use developments right across the street from the LACC. Furthermore, by connecting with the Staples Center, Microsoft Theater, the JW Marriott, and the many restaurants, clubs, and other entertainment venues at L.A. Live, the LACC is in a unique position to become a more powerful asset in the Los Angeles economy, competing in regional, national, and international markets for convention business.
COMPETITION

As the second largest city in the United States and a gateway to the rapidly emerging Pacific Asian market, Los Angeles already benefits from many of the ingredients necessary for a successful convention and tourism industry. The City is home to the second busiest airport and the busiest port complex in the nation. Moreover, Los Angeles’ charms go beyond matters of infrastructure and geography. In 2014, the Guardian rated Los Angeles the most powerful city brand in the world—beating out New York, London, and Paris—thanks to a competitive edge in “cultural variety and sheer glitter.” The 44.2 million visitors to Los Angeles in 2014 enjoyed a dynamic and vibrant city featuring great weather, beaches, and a flourishing restaurant and entertainment scene.

Despite its inherent potential, the LACC underperforms in attracting conventions, meetings, and corporate events among its competitor facilities across the nation. Los Angeles should expect more — the LACC is a billion dollar asset, which should serve as a long-term economic engine for the entire region.

For the LACC to fill a more fitting role in the local economy and to better compete with peer cities, it must address a lack of facilities and infrastructure required by the contemporary convention and event planning industry. According to a lost business analysis by the Los Angeles Tourism & Convention Board (LATCB) from 2010-2014, inadequate hotel or convention center space contributed to 16% (271 events in total) of lost citywide conventions that would have been scheduled in future years. The combined value of those 271 events amounts to 3.3 million room nights, $750 million in room revenue, $105 million in Transient Occupancy Tax (TOT) revenue, and a total economic impact of $4.9 billion.

Meanwhile, cities like San Francisco and Anaheim are currently under construction with expansion projects. San Diego is expected to resolve political and legal debates and move forward with its own expansion project. The convention center investments made by other West Coast cities should cause alarm in Los Angeles, because these facilities already outperform the LACC — they are simply moving the curve that much further ahead.

<table>
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<tr>
<th>CALENDAR YEAR 2014</th>
<th>LOS ANGELES</th>
<th>SAN FRANCISCO</th>
<th>ANAHEIM</th>
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Reported by LATCB, 2015; Visit San Diego, 2015
DRIVING THE ECONOMY

ECONOMIC IMPACT

This proposal for the future of the LACC is one component of a larger economic development strategy for the City of Los Angeles. Although there is no “silver bullet” to ensure the City’s place in the 21st century economy, a redesigned and reinvented LACC can become a significant component of that economic development strategy.

To develop a clear picture of the LACC’s role and potential impact in the City’s economy, Conventions, Sports & Leisure, International (CSL) prepared a market and economic analysis report in August 2015. The picture that emerged from that analysis estimates that an expanded LACC could potentially generate over 400,000 room nights from citywide events per fiscal year by its sixth year of operation — those projections therefore estimate that the expansion could increase the average number of room nights per year generated by the LACC by 42% over the past five year average. Continuing to neglect the LACC by investing nothing into expansion or improvement would precipitate a 20% decrease in room nights, down to an average of 229,600 room nights.

In terms of total room nights generated per year, including events other than citywide conventions, an expanded LACC would increase room nights by 33% — up to 536,700 from 403,200. Conversely, CSL also considered the cost of inaction over the same span of time. In this scenario, CSL estimates that the failure to invest in the facility would precipitate a 14% loss of total room night generation compared to the historical average, which amounts to 191,400 room nights less per year than if the LACC is expanded.

LACC EVENTS & ROOM NIGHTS
HISTORICAL & PROJECTED

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<tr>
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<th>5-YEAR HISTORICAL AVERAGE</th>
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<th>WITHOUT EXPANSION</th>
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<tr>
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<td>403,200</td>
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Reported by CSL, 2015
The impact of the Convention Center is maximized when out of town event attendees make purchases in the City while attending an event at the facility. Therefore, the LACC also provides significant benefits in terms of net new spending and associated employment, earnings, and tax benefits. As estimated by the CSL economic impact analysis, an expanded LACC would increase direct spending, output, earnings, and employment by an estimated 35%. The same indicators would decrease approximately 13% if the City made no expansion or improvement to the campus, representing a loss of approximately $173 million per year in total output.

In effect, CSL projected that the potential expansion and enhancement of the LACC (along with increases in hotel inventory that will be described later in this report) will help capture additional event activity and better accommodate peak demand periods. Without these improvements, however, competitive pressure will continue to erode the room night, economic impact, and tax generating effects of the LACC.
The CSL report also projected the amount of fiscal impact to the city government, producing figures for the current revenues generated by the LACC, revenues generated by the expansion scenario, and revenues generated without expansion or improvement of the Convention Center. This analysis assumes the continuation of a robust economy.

According to the CSL report, the LACC generates approximately $14 million in revenue for the City of Los Angeles, derived from local sales, transient occupancy, business, and parking taxes. With the expansion of the Convention Center, these revenues could increase to $18.9 million. With no expansion, CSL estimates that revenues would drop to $12.2 million. The resulting net difference in tax collections between an expansion and no expansion scenario is approximately $6.7 million.

Note, however, that these estimates do not include various property and other taxes that can be affected by the convention industry, and do not break out the significant private sector impacts that could also be generated. These private sector impacts include the significant hotel, restaurant, and other industry profits generated as a result of convention industry activity.

FISCAL IMPACT GENERATED BY THE LACC ANALYSIS AND PROJECTIONS

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<th>EXISTING LACC</th>
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Reported by CSL, 2015
**JOB GROWTH**

Leisure and hospitality is the fifth largest employment super-sector in the Los Angeles County economy, with total jobs averaging 474,700 during the fiscal year 2014-15 (source: the California Economic Development Department).

Average employment generated by conventions and events hosted at the LACC currently stands at 3,900 full-time and part-time jobs, according to the CSL report. That number would grow to 5,300 as a result of an expansion and improvement project — or it could drop to 3,400 if the City makes no investment. Furthermore, the construction activity associated with expanding and modernizing the LACC is estimated to generate 1,800 full-time and part-time jobs for the duration of construction.

Locating a large, growing number of jobs at the LACC and its surrounding entertainment and hospitality district makes additional sense when considering the proximity of existing and future rail lines, high-frequency bus routes operated by city, county, and regional transportation agencies, and a potential streetcar line. These transit lines make it easier for diverse populations from around the City and County to access this employment base.

> “Los Angeles is a world-class city, and it deserves a world-class Convention Center that complements and builds on the successful redevelopment of our Downtown.”

9th District Councilmember Curren D. Price, Jr. — Chair of the City’s Economic Development Committee — is a strong supporter of the Los Angeles Convention Center, which is located in his district.
Regional Economic Engine

The economic impact of a convention center is not measured solely within the confines of the facility itself. The full financial gains ripple beyond the center’s four walls and into the hotels, restaurants, stores, and entertainment venues throughout the city. Indeed, many cities run their convention centers as “loss leaders” and measure their true success by the total revenues and jobs created citywide. The financial return and positive gain to city revenues are also made evident by the fact that major cities throughout the country have committed to convention center expansion projects, including San Francisco with a project budget of $508 million, and Anaheim with a project budget of $300 million.

Other major benefactors include the hotel and tourism industry, which are typically in strong support of convention center expansion projects. The hospitality industry usually anticipates that an improved and expanded convention center could drive the number of out of town guests and have a direct impact on the Transient Occupancy Tax (TOT), which is the revenue most commonly linked to funding convention center expansion projects.

In Los Angeles, the TOT is a 14% tax charged to guests staying at hotels located within City boundaries. Historically, 3.5 points of the City’s TOT has been allocated towards LACC debt service. There have been years when the 3.5 point allocation has not been enough to cover the annual debt service payment, requiring the General Fund to offset the difference. However, in only the last two years has the City allocated less than the 3.5 points to the LACC, because the TOT has been growing so fast that the full 3.5 points has not been needed to meet the debt service obligation. For fiscal year 2015-16, the 3.5 point allocation is projected to amount to approximately $58 million, exceeding the $48 million Convention Center debt service payment.

Throughout this planning process, the Los Angeles Department of Convention and Tourism Development (CTD) has been committed to the concept of maintaining a project budget that would necessitate no more than the LACC’s allocation of 3.5 points of TOT. Unlike other cities that have encountered legal and/or political problems with their convention center financing plans, which have included levying new taxes or raising existing tax rates, the CTD believes the Project Cost and the refinancing of the old debt could be accomplished within existing levels of funding. Although the bonds issued for West Hall, which opened in 1971, have been paid off, the entire LACC property, including South Hall, which opened in 1993, is encumbered against approximately $253 million in outstanding principal as of September 2015.
From its earliest inception, and with the support of the hotel industry, the debt service for LACC construction financing has relied on increases in the TOT. A 2011 report prepared by the City Administrative Officer (CAO) in consultation with KNN Public Finance traced the history of the TOT: the tax was raised four times from 1967 to 1990, specifically to cover costs associated with the Convention Center (denoted by blue in the chart below). These increases to the TOT rate occurred prior to the passage of Proposition 218 in 1996, which requires voter approval of such tax increases going forward.

Although the TOT was raised during these years for other General Fund purposes, one-quarter of the current 14% TOT, or 3.5% of taxable hotel sales, was increased to assist in financing the construction of the Convention Center. However, there is no ordinance or other requirement linking the amount of General Fund revenue the LACC receives and the 3.5 points of TOT that was raised to help finance the construction.

In addition to the 3.5 points historically allocated for convention center debt service, one point is set aside to pay the LATCB for advertising, promotional, and booking services, and one point is budgeted to pay for costs associated with the Cultural Affairs Department. The remaining 8.5 points are budgeted for other General Fund purposes.

With the overall economic recovery, and with the particularly strong growth in the Leisure and Hospitality Job Sector, TOT is now one of the General Fund’s fastest growing revenues — up over 107% during the last 11 years, while still at the same rate of 14% and despite the intervening Great Recession. For fiscal year 2015-16, the TOT is projected to generate $216 million — up 82% since fiscal year 2009-10. This of course could change if there is a downturn in the economy. That is why the entire General Fund is responsible for the LACC and associated costs, and not just the TOT.

**EVOLUTION OF TOT**

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<tr>
<th>DATE</th>
<th>TOT RATE</th>
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PROPOSED CAMPUS DESIGN

Aerial view of the reimagined Los Angeles Convention Center.

Per the City Council’s instruction in June 2014, the Bureau of Engineering (Engineering) spearheaded a design competition for the CTD Department, to select an architectural team for the proposed renovation and expansion of the LACC.

Engineering received 11 responses, and following an interview process, selected three finalists to submit drawings, renderings, models, and cost estimates for consideration. The winning team, led by Populous, includes HMC Architects, landscape architects from Olin Studio, interior designers from Chu+Gooding Architects, engineers from Syska Hennessy and Magnussan Klemencic Associates, and other specialty consultants. The team is a collection of local and industry-leading talent in convention center design and construction.

A very important goal for the proposed design is to provide superior functionality that accounts for the future needs of the LACC. That functionality requires spaces that are flexible, adaptable, and versatile. The design team identified trends in the meetings industry and responded with a cutting edge design proposal that positions the LACC at the forefront of innovation in the field. Throughout the proposed renovated campus, internal and external circulation elements and an emphasis on the flexibility of the meeting room spaces allow for settings that facilitate networking, socializing, and a more intimate and personal convention experience. These kinds of spaces are considered a long-term need for the convention center business of the future.

In addition to the important matters of functionality, the facility’s civic prominence will be key to its success. The design proposal aims to create a facility and a site with a civic presence derived from an authentically Los Angeles cultural perspective. Design inspirations were drawn from the vocabulary of Southern Californian Mid-Century Modernism, which emphasizes the continuity of indoor settings and the outdoor
environment. At all times, the experience in the new LACC will create a feeling of being one step away from sunshine, the burgeoning South Park neighborhood, and the rest of Downtown. The result recognizes the freedom and joy intrinsic to the California climate, and reinvigorates glamour and grandeur into this public asset — the kind of experience only available in Los Angeles.

The core programming elements of the expansion and modernization proposal, as submitted by the design team, include expanding the West Exhibit Hall to approximately 355,000 square feet; the creation of a new, approximately 75,000-square-foot exterior ballroom and exhibition space; a net addition of approximately 78,000 square feet of prime meeting room space, easily accessible from all areas of the campus; a new, approximately 97,000-square-foot Grand Ballroom located above the new exterior ballroom space; and a proposed, on-site headquarters hotel with at least 1,000 rooms.

All of these program elements are essential to elevate the LACC’s space inventory to levels that can attract and capture more market share by accommodating larger conventions and simultaneously hosting multiple large-scale events. The highly desired additional space inventory, combined with the modern design and superior functionality and flexibility, positions Los Angeles to truly elevate its standing as a first-tier destination in California, the West Coast, and the rest of the world.

The expanded and renovated West Hall will be able to divide into smaller arrangements and formats, as well as combine with the other spaces in the Convention Center to accommodate multiple, concurrent events. By combining the primary exhibit space with the additional meeting and ballroom space, the LACC is positioned to offer two simultaneous packages, each of which would cater to the requirements of nearly 90% of the convention and tradeshow market.
The new Meeting Room Core is vertically oriented above Pico Boulevard, as a bridge between the renovated West Hall and the existing South Hall. By making strategic use of operable wall systems, arrangement options for these rooms allow the possibility of 1,800-square-foot meeting rooms, 5,400-square-foot rooms, and larger rooms. At least two larger rooms at approximately 10,000 square feet each will also be a part of the new meeting room inventory.

The centralized location of these meeting rooms is key for booking and stacking simultaneous events. Breakout sessions utilizing this space is convenient for general sessions based anywhere in the facility, including both the South Hall and the West Hall.

The 97,000-square-foot ballroom, currently referred to as the “Grand Ballroom,” would create an “Authentic Los Angeles Skylight” with a ceiling of coffered skylights that can let in daylight when desired, or be blacked out for a dark room. As conceived, the Grand Ballroom will become one of the most stunning
experiences in the event business, with views out to the Downtown skyline and an adjacent, outdoor space that capitalizes on the City’s consistently pleasant weather. From a pragmatic perspective, the internal arrangement of the Grand Ballroom can be customized to accommodate any configuration desired by the convention industry, even serving a wide variety of uses for multiple, concurrent events.

An outdoor ballroom and exhibition space — an entirely unique, first-of-its-kind facility in the industry — is located beneath the Grand Ballroom. This 75,000-square-foot space showcases California’s stellar climate while providing lighting, utilities, pre-function, and service access for a variety of full-scale events, including social gatherings and exhibits.

In effect, the expanded program enables the LACC to offer a variety of world-class event and meeting packages by reconfiguring the connections to the South Hall, refurbishing and expanding the West Hall, adding a Grand Ballroom, adding a Meeting Room Core, adding an outdoor, covered ballroom and exhibition space, and improving the overall functionality of the campus.

The Grand Ballroom pre-function space blends the indoors with the Los Angeles skyline through expansive glass doors.

This approximately 97,000-square-foot rooftop ballroom will be the largest convention center ballroom in California.

The outdoor ballroom and exhibition space connects guests to the destination experience.
OPEN SPACE CONCEPTUAL PLAN

Just as important to consider are the spaces and places located between the new buildings. Exterior spaces, including a collection of unique paths, gardens, and open space, create an active and flexible outdoor setting throughout the landscaped areas on campus and along adjacent streets. These open spaces naturally complement the increased programming made possible by expanding and modernizing the buildings on the LACC campus. The open space design is also intended to strengthen the connection with the growing community of South Park by creating vibrant and flexible public spaces available to the constituents of an emergent area of the city.

Each of these landscape and site planning components considers architectural and regulatory elements, such as building access points and emergency vehicle access, but also works to achieve a more welcoming, inspiring public realm. The patterns of the open space areas also call on the rich mid-century Los Angeles design tradition to structure the spaces and identify various functions, such as large areas for event program and public gatherings, and shade and quiet for smaller groups. Open spaces will include seating, pervious surfaces, stormwater capture systems, and native vegetation.

The proposed Pico Promenade would become one of the most publically visible components of the modernized campus, providing a pedestrian-focused experience at the street level of Pico Boulevard that connects visually to the vertically stacked space in the heart of the campus serving the Meeting Room Core.
This proposed design greatly improves the integration between the LACC campus and the larger urban experience of Downtown Los Angeles. The removal of the existing West Hall Lobby and the West Hall Meeting Rooms creates a direct, gracious pedestrian link between the Convention Center campus and L.A. Live to the north. Moreover, major loading and service vehicle access has been removed from Pico Boulevard, creating a safe pedestrian environment that links to Pico Union and other neighborhoods to the west. Site circulation prioritizes the multiple modes of access to the campus: light rail, local and regional bus routes, and bicycle and pedestrian routes. The plan also offers automobile access that does not conflict with the human-scale experience of entering and leaving the campus. The result will be an active, urban district that accommodates a multi-modal environment.

The re-designed Gilbert Lindsay Plaza, running alongside Figueroa Street and the side of the Convention Center, will serve as a zocalo, or public square. Its park-like features will naturally lend itself to be valuable public space for the growing Downtown community.
16 WHITE PAPER: THE FUTURE OF THE LOS ANGELES CONVENTION CENTER SEPTEMBER 2015
SUSTAINABILITY

The LACC, City Council, and Engineering have committed to a Leadership in Energy and Environmental Design (LEED) Gold Certified project, ensuring that the modernized LACC will continue its commitment to environmental stewardship.

The winning design proposal includes suggestions to go beyond LEED Gold, if funding can be identified. The proposal includes pathways toward net-zero energy and net-zero water, utilizing optional features such as solar thermal and photovoltaic panels, stormwater capture and reuse, greywater harvesting, and upgraded heating and cooling systems. Other sustainability strategies include a “Green Gateway” façade adjacent to the 110 Freeway that would double as a public art installation and a living wall that removes carbon dioxide from the atmosphere.

LACC + L.A. LIVE CAMPUS SPACE OFFERINGS

With the proposed design’s improved circulation between the LACC and L.A. Live, transitioning between the two campuses could be more seamless than ever before. Convention and hotel guests will have convenient access to the full range of amenities offered at L.A. Live, including world-class restaurants, Regal Cinemas, the Grammy Museum, Lucky Strike Lanes & Lounge, and its popular live sports and music venues. The campus hotels also deliver additional meeting room space, which could supplement larger shows at the LACC, allowing for even greater market capture.

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An artist’s concept rendering looking south from L.A. LIVE toward the Convention Center’s Georgia Street Entrance and outdoor ballroom.
COST ESTIMATE

The City’s design competition estimated 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. The actual project budget may vary, pending deeper analysis of program goals and desired outcomes during the concept refinement phase of design.

To ensure the feasibility of the program and project goals stated in their design competition submission, the design team engaged two professional estimating organizations: C.P. O’Halloran Associates, a construction cost estimator, and Clark Construction Company, a general contractor. Both organizations indicated that the conceptual design with the assumptions made by Populous could be built at just under the $350 million target.

FINANCE

The Mayor and City Council have charged the CAO with the development of a financing plan for this project, which is one of the deliverables due to the City Economic Development Committee in November. The CAO will look at conventional as well as alternative financing strategies.

Direction on a financing plan will depend upon the CAO’s findings when reporting back to the City Council in November 2015. At that time, the CAO will report on all available options, but will not rely on only one General fund tax as the entire General Fund is responsible for the debt service of the LACC.
Provided all necessary approvals for project commencement are obtained in November 2015, the project would begin in earnest in January 2016, beginning with the concept refinement phase of design and the Environmental Impact report effort. Project design is estimated to take approximately two years overall, until late 2017 or early 2018. Phased construction is anticipated to maximize the availability of the LACC’s existing operating space inventory while delivering a strong continuity of business plan for LACC clientele. Current thinking has an early construction package starting mid-2017, with two additional phases that will prioritize the early completion of the new meeting rooms over Pico, with ultimate project completion in December 2020. The phasing schedule will adjust and solidify as the project is clarified during the early stages of the design process, and with the input of a general contractor.

Looking toward the northwest, the new meeting rooms span the transformed Pico Boulevard.
HOTEL DEVELOPMENT

HOTEL INDIGO
2016
350 ROOMS

INTERCONTINENTAL
LOS ANGELES DOWNTOWN
2017
900 ROOMS

W HOTEL
2020
250 ROOMS

HOTEL CAVALLI
2018
183 ROOMS

HOTEL INDIgo
HOTel InTerculEnTAl
lOs AngElEs DOWNTOWn
w HOTel HOTel CAvALLI
HOTELS

The existing and planned hotels in proximity to the LACC are critical to the success of the future LACC. For years, the LACC has struggled with the “chicken or the egg” problem of not having the convention center business to drive the development of new hotels — and the opposing problem of not having sufficient hotel stock to drive convention center business. The booming Downtown hotel market, including large investments in the immediate area around the LACC campus, has completely redefined that dynamic.

According to a 2014 report by CSL, the number of hotel rooms within walking distance of the LACC can accommodate only 74% of the national convention market’s hotel room requirement. Convention centers in San Diego, Anaheim, and San Francisco can meet 92-99% of the market’s needs. By lacking sufficient hotel stock in the area of the LACC, Los Angeles immediately forfeits 26% of the national convention business. Moreover, that portion of the market represents the largest and most lucrative conventions, such as: the Orthopedic Surgeons Association (32,000 attendees), the American Society of Hematology (35,000 attendees), the American Heart Association (28,000 attendees), and the American College of Cardiology (28,000 attendees). Each medical event of this size could generate approximately 50,000-58,000 room nights and $55-65 million in economic benefit to Los Angeles (source: LATCB, 2015).

The LACC needs approximately 8,000 rooms within walking distance to be in a position to accommodate about 90% of the convention market. As of September 2015, the LACC has 3,172 hotel rooms within walking distance.

HOTEL ROOMS WITHIN WALKING DISTANCE OF CONVENTION CENTERS

<table>
<thead>
<tr>
<th>Location</th>
<th>Hotel Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco, CA</td>
<td>18,925</td>
</tr>
<tr>
<td>Las Vegas, NV</td>
<td>17,092</td>
</tr>
<tr>
<td>Anaheim, CA</td>
<td>11,383</td>
</tr>
<tr>
<td>Orlando, FL</td>
<td>10,803</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>8,996</td>
</tr>
<tr>
<td>New Orleans, LA</td>
<td>8,614</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>8,317</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>5,179</td>
</tr>
<tr>
<td>Los Angeles, CA</td>
<td>3,172</td>
</tr>
<tr>
<td>New York, NY</td>
<td>2,764</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>2,692</td>
</tr>
</tbody>
</table>

Reported by CSL, 2015
1- Reported by CTD Department, 2015
2- Reported by CSL, 2014
The inaugural fiscal year 2012-13 CTD Department Action Plan set an initial goal of 4,000 new hotel rooms by 2020 (in addition to the supply of 2,597 rooms at the time of the Action Plan). In the 2013-14 fiscal year, 575 rooms opened and another 1,767 are currently under construction. An additional 1,130 rooms are in the pipeline and expected to start construction in the near future, for a near-term total of 3,472 new rooms and a new grand total of 6,069 rooms.

Adding 4,000 new hotel rooms by 2020 remains an essential component of the CTD Action Plan. The LACC campus offers enough land, as shown in the design proposal, to build a large, 1,000-room hotel, which would include an additional 100,000 square feet in ballroom and meeting room space. That addition will put the LACC into a whole new level of national and regional competitiveness, and should be considered a fundamental component of this proposal for the future of the LACC. 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 this project. The RFI will be reviewed by City Council in November, and will help inform the design refinement of the Convention Center expansion.

It is also important to note that additional sites within the immediate area remain available for future hotel development. Upcoming transit access to Santa Monica, LAX, and other parts of the region, as exists in Chicago and New York City, would further enable Los Angeles to compete for convention business at a national level.
HOTELS WITHIN WALKING DISTANCE OF THE LACC

EXISTING AS OF JULY 1, 2013

1. JW Marriott Los Angeles L.A. LIVE 878
2. Sheraton Los Angeles (The Bloc) 485
3. Figueroa Hotel 285
4. Stillwell Hotel 232
5. Mayfair Hotel 215
6. Luxe City Center Hotel 175
7. Ritz Milner 137
8. Ritz-Carlton, Los Angeles 123
9. O Hotel 67

Subtotal 2,979

OPENED FISCAL YEAR 2013-2014

10. Residence Inn Los Angeles L.A. LIVE 219
11. Ace Hotel 182
12. Courtyard Los Angeles L.A. LIVE 174

Subtotal 575

Total Existing 3,172

UNDER CONSTRUCTION

13. InterContinental Los Angeles Downtown 900
14. Hotel Indigo (Metropolis) 350
15. Empire Hotel 183
16. Cavalli Hotel (Oceanwide Plaza) 183
17. Case Hotel 151

Subtotal 1,767

UPCOMING

18. JW Marriott Expansion 755
19. dtLA South Park 300
20. W Hotel (Figueroa North) 75

Subtotal 1,130

OPPORTUNITY SITES

21. LACC 1,000
22. Pico Blvd + Figueroa St 750
23. Olympic West 600
24. Genting Property 600
25. 9th Street Sites 400
26. Pico + Hope/Flower 350

Subtotal 3,700

Total Future 6,597

Total Rooms Existing & Future: 9,769
The simple truth is that the Los Angeles Convention Center is at a historic crossroads. Over the last 20 years, the LACC has made no major physical improvements, while over the same period, cities like San Diego, Anaheim, and San Francisco, as well as many other cities around the nation, made significant investments in their convention centers.

If Los Angeles continues to do nothing while competitor cities continue to do more, the LACC will fall into irrelevancy as a national and international convention center. The LACC could simply become a big hall for hosting consumer shows — routine events that attract local residents, but not the thousands of out of town conventioneers who inject millions of dollars of new revenue and thousands of new jobs into the City and region.

Similar investments in the future prosperity of Los Angeles in the global economy are well underway at the Port of Los Angeles and the Los Angeles International Airport. As the second largest city in the nation, the U.S. capital of the booming Pacific Rim, and one of the most recognized urban brands in the world, Los Angeles should boast a convention center commensurate with its global status, or it will yield its market share to smaller cities with fewer assets.

All of the pieces are in place — political support, a world-class design proposal, a steadily growing economy, and a vibrant neighborhood and city — to redefine the future of the Los Angeles Convention Center.