

2017 ANNUAL REPORT

#EVERYONEISWELCOME

DISCOVER *Los Angeles*



CITY OF
Los Angeles
DEPARTMENT OF
CONVENTION & TOURISM DEVELOPMENT

INTRODUCTION



As we close the books on 2017, we look back on another successful year of tourism in the City of Angels. We welcomed a record-breaking **48.3 million visitors** from across the country and around the globe who came to experience Los Angeles' rich diversity and explore our many attractions and cultural offerings. These visits support our economy and help drive job growth.

During the 2016-17 Fiscal Year, the leisure and hospitality industry supported **over half a million jobs**, a 15,000 increase from 2015-16. In fact, **more than one out of every nine jobs in L.A. County comes from the leisure and hospitality sector**. Many of these positions are entry level and have the potential to lead to enriching, long-term careers, which is especially important for our **youngest generation** of workers finding a career path in the face of a rapidly changing economy. From 2014 to 2016, more than 24 percent of the City's employed youth aged 16 to 24 were working in our hotels, restaurants, museums, and venues.

Securing Los Angeles' place as a global destination has never been more important, and this endeavor requires visionary leadership and community support. I am confident that Doane Liu, whom I appointed Executive Director of the Department of Convention and Tourism Development last year, is more than up to the task.

Our goal of 50 million visitors by 2020 is within reach. So as we progress on our journey to make L.A. the best possible global destination, here's to another record-breaking year.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Garcetti".

Mayor Eric Garcetti
City of Los Angeles



The City of Los Angeles is realizing unprecedented economic development due to tourism. During 2017, the 48.3 million visitors to Los Angeles infused **billions of dollars** into our economy through direct and indirect spending, supporting our local businesses and residents. International tourists, the kinds of visitors that stay longer and spend more money, increased by 0.9 percent to an estimated 7.1 million in 2017. The Los Angeles Convention Center hosted 32 citywides during Fiscal Year 2016-17, generating over 300,000 room nights and \$593 million in economic benefit for Los Angeles.

The hotel industry has made major progress, especially with recent developments and seemingly unflinching momentum. The InterContinental Hotel and Hotel Indigo opened in 2017, and lodging metrics barely dipped with the influx of new room inventory. Additional hotel projects are under construction or are in the development pipeline all over the City. Transient occupancy tax during Fiscal Year 2016-17 reached an all-time high of \$266 million for the City's General Fund, an increase of 15 percent compared to last year.

Thank you and congratulations to our partners, the Los Angeles Tourism & Convention Board and AEG Management LACC. Although what we have achieved together has truly been gratifying, this is no time to rest. Here's to making 2018 even better.

Best,

A handwritten signature in black ink, appearing to read "Jon F. Vein".

Jon F. Vein, President
Board of Department of Convention and Tourism Development

CONVENTION AND TOURISM DEVELOPMENT: LOOKING FORWARD



I would like to express my gratitude to Mayor Garcetti for the opportunity to serve as the Executive Director of the Department of Convention and Tourism Development (CTD). It certainly is an exciting time to come on board, with the tourism industry setting new records with year-over-year growth and economic benefits to the region. It is an extraordinary privilege to help oversee the City's significant contracts with AEG Management and the Los Angeles Tourism & Convention Board (LATCB). My personal thanks to Brad Gessner of AEG and Ernie Wooden of LATCB for their guidance and expertise as I transition in my new role.

Significant infrastructure projects, which are already planned or under construction, will aid in not only hosting the 2028 Olympic and Paralympic Games, but will also improve the visitor and resident experience in Los Angeles for generations to come. Highly anticipated Metro additions include the Regional Connector, estimated to be completed in 2021, and extensions to Los Angeles International Airport (LAX) and Westwood by 2024. LAX is in the middle of a \$14 billion modernization project, which will help improve customer experience and expand capacity.

Entertainment and cultural venues are also on the rise: the recent additions of the Broad Museum and other notable museums and galleries have increased the accessibility and visibility of the art scene in Los Angeles. The Academy Museum is under construction, with an estimated completion date in 2019, and the Los Angeles County Museum of Art is making progress on their \$650 million expansion and redesign. The Lucas Museum of Narrative Art will be an invigorating addition to Exposition Park, which will coincide with the Museum of Natural History's recently announced renovation, the under construction Banc of California Soccer Stadium, and the proposed renovation of the Los Angeles Memorial Coliseum.

The City is currently exploring options to modernize and expand the Los Angeles Convention Center, which will not only help with retaining current business in an increasingly competitive industry, but will also attract citywide events with increased room nights and greater economic benefits for Los Angeles residents.

There has been tremendous progress within the last five years to transform the Downtown area and beyond, making the region more appealing to visitors and event planners. However, with these new and upcoming projects, paired with large-scale international events like the 2028 Olympic and Paralympic Games, the City of Los Angeles will receive tremendous global exposure. It will be of utmost importance to anticipate the challenges and appropriate solutions related to the growth of the leisure and hospitality industry in Los Angeles.



Above: rendering of the proposed Los Angeles Convention Center expansion

The CTD Department is ready to lead the charge on this new age of leisure and hospitality, and I am excited to play my role to help fulfill the Mayor's vision for tourism in Los Angeles. I invite you to explore the following pages of this report, to see what has been already accomplished and the foundation being prepared for the near future.

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A handwritten signature in black ink, appearing to read 'Doane Liu', written in a cursive style.

Doane Liu, Executive Director
Department of Convention and Tourism Development

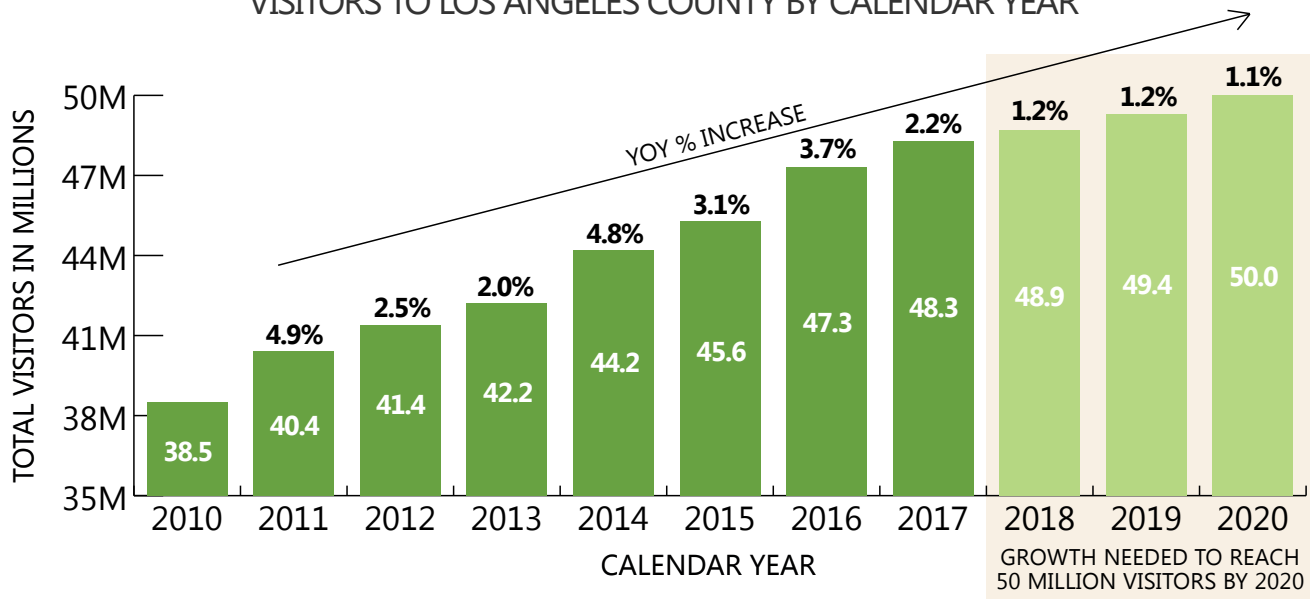
VISITATION TO LOS ANGELES



2017 was yet another year for setting records and reaching new heights for the Los Angeles tourism industry, however, I am most encouraged by the message which we rolled out last spring: **Los Angeles invites and welcomes visitors from all corners of the globe.** We knew what challenges lay ahead coming into the year, and there is no doubt that they will persist into the next. However, we are truly thankful that Los Angeles itself is a celebration of diversity to its very core, with residents hailing from over 180 countries, speaking more than 224 languages, and sharing a vision of inclusivity and humanity. *#EveryonesWelcome*

Ernest Wooden Jr., President & CEO
Los Angeles Tourism & Convention Board

VISITORS TO LOS ANGELES COUNTY BY CALENDAR YEAR



Los Angeles County received an estimated **48.3 million visitors** in 2017, a 2.2 percent increase over 2016 and the seventh consecutive year of record-breaking visitation. Tourism is among the largest and healthiest contributors to the Los Angeles economy, bringing billions in direct spending at local businesses, and generating billions more in economic impact for the region. L.A. is on target to reach Mayor Garcetti's goal of 50 million visitors by 2020!

NOTEWORTHY INTERNATIONAL MARKETS FOR LA

MARKET	2016	2017	+/- VISITORS	% CHANGE
MEXICO	1,757,000	1,708,000	-49,000	-2.8%
CHINA	1,005,000	1,065,000	60,000	6.0%
CANADA	708,000	747,000	39,000	5.5%
AUSTRALIA	421,000	411,000	-10,000	-2.4%
U.K.	361,000	368,000	7,000	2.0%
JAPAN	340,000	342,000	2,000	0.6%
SOUTH KOREA	296,000	315,000	19,000	6.3%
INDIA	116,000	121,000	5,000	4.0%

INTERNATIONAL VISITORS

The **record-breaking 7.1 million international visitors** to L.A. County in 2017 accounted for 15 percent of total visitation. Historically, nearly one-third of all overnight visitor spending results from international visitation.

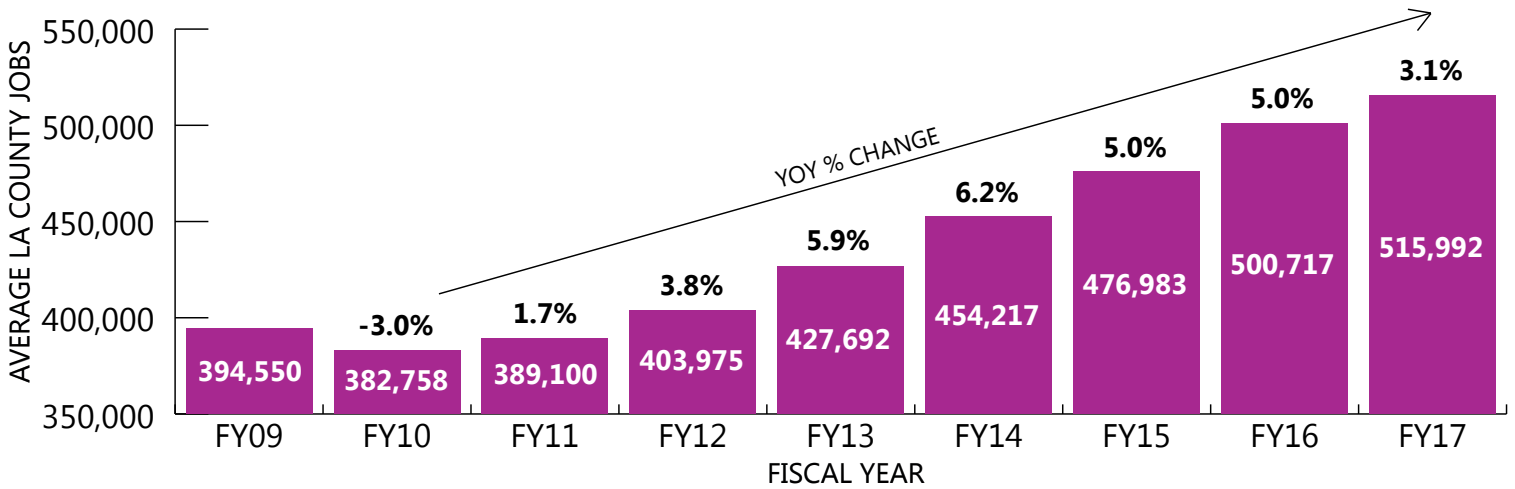
In 2016, Los Angeles was the **first U.S. destination** to welcome **more than 1 million visitors from China**, and 2017 continued this trend with year-over-year growth of six percent.

Sources: LATCB; Tourism Economics

Please note: 2017 numbers are preliminary as of January 2018, and may be adjusted once finalized later this year

LEISURE & HOSPITALITY SECTOR JOB GROWTH

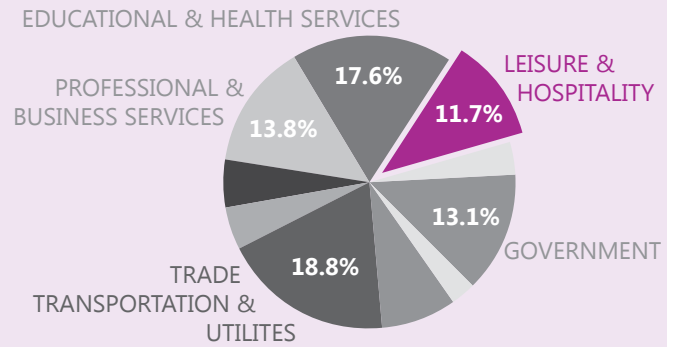
AVERAGE LEISURE & HOSPITALITY SECTOR JOBS BY FISCAL YEAR



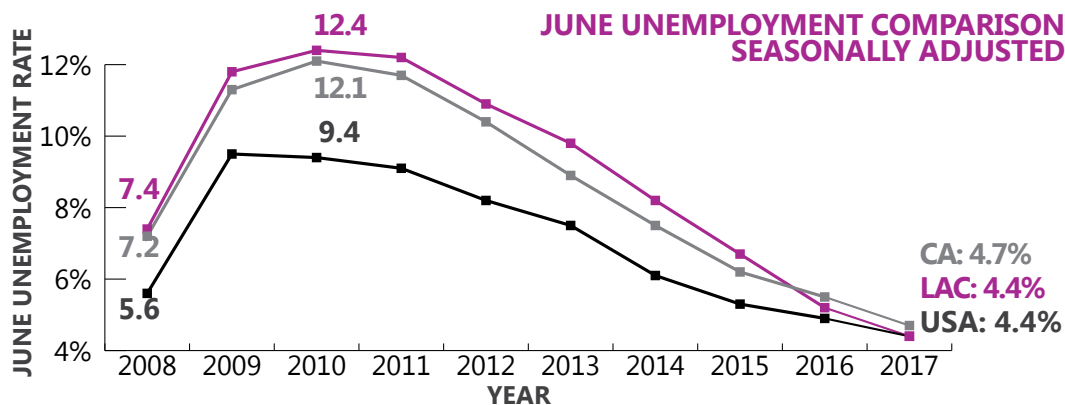
Tourism continued to be a huge driving force behind the Los Angeles County economy, as the average number of leisure and hospitality jobs increased to **515,992** in Fiscal Year 2016-17, a 3.1% year-over-year increase.

L&H VS NON-FARM EMPLOYMENT

11.7 percent of total nonfarm jobs are in the leisure and hospitality sector, meaning more than one of every nine jobs in L.A. County is in the tourism industry. Of the eleven major super sectors in L.A. County, leisure and hospitality had the **second greatest increase in jobs** between Fiscal Year 2015-16 and 2016-17 (15,275 new jobs), trailing only educational and health services (24,858 new jobs).



LA COUNTY UNEMPLOYMENT

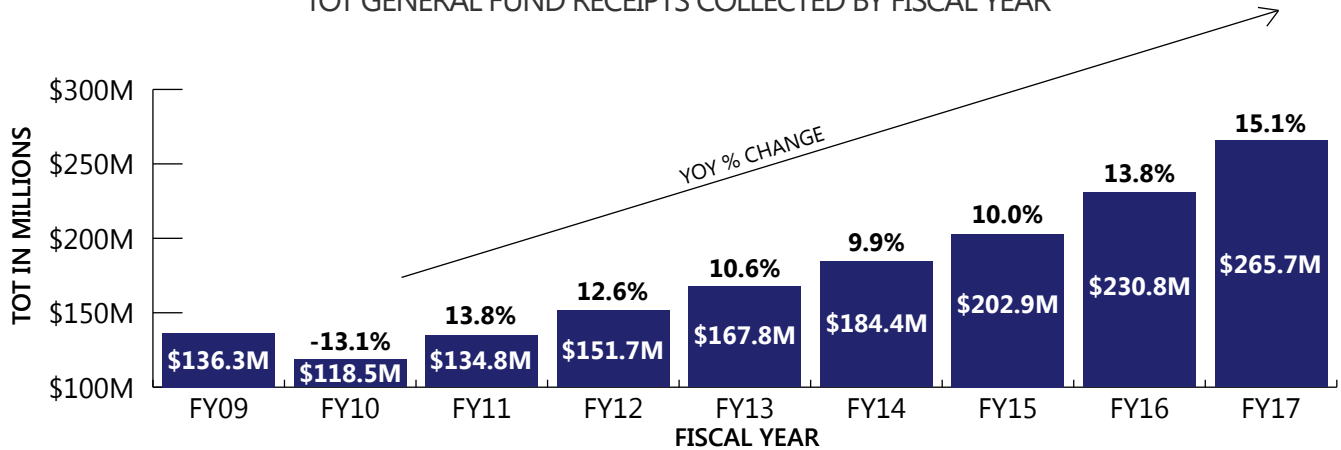


The L.A. County June 2017 unemployment rate (4.4%) decreased below California's rate (4.7%), and closed the gap between the nation's rate.

Sources: California Employment Development Department; Bureau of Labor Statistics

TRANSIENT OCCUPANCY TAX

TOT GENERAL FUND RECEIPTS COLLECTED BY FISCAL YEAR

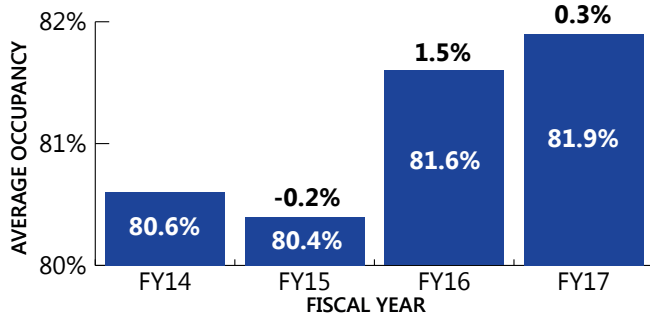


Transient Occupancy Tax (TOT) is a 14 percent tax levied on rent of hotel rooms, and is collected by the hotel operator and remitted to the City each month. TOT revenue for Fiscal Year 2016-17 was **\$265.7 million**, exceeding the prior fiscal year total by \$34.8 million, or a 15.1 percent year-over-year increase.

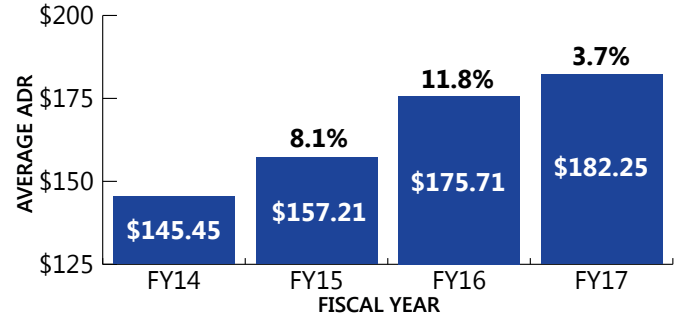
Source: City of Los Angeles Office of Finance

CITY OF LOS ANGELES LODGING STATISTICS

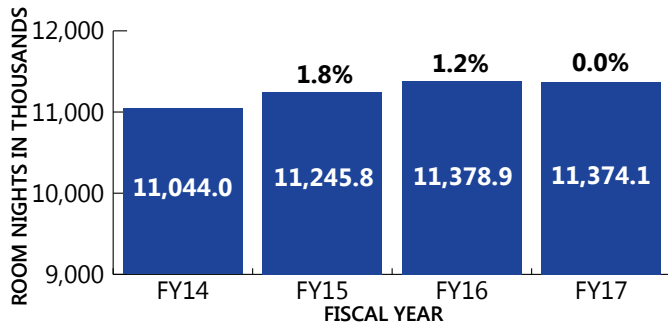
AVERAGE OCCUPANCY BY FISCAL YEAR



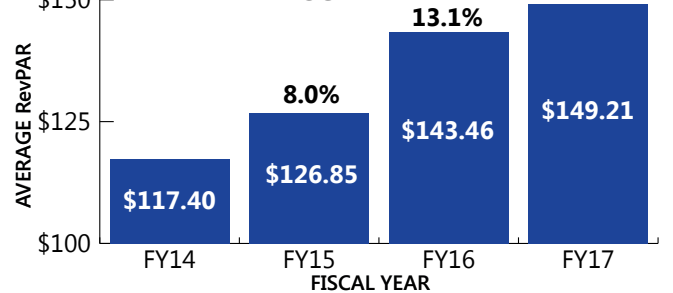
AVERAGE DAILY RATE BY FISCAL YEAR



TOTAL ROOM NIGHTS SOLD BY FISCAL YEAR



AVERAGE REVENUE PER AVAILABLE ROOM BY FISCAL YEAR



City of Los Angeles hotels had another year of growth in Fiscal Year 2016-17, with increases in average daily rate (ADR) and revenue per available room (RevPAR). The occupancy rate averaged above 80 percent for the fourth consecutive year.

Sources: LATCB; Smith Travel Research

HOTEL DEVELOPMENT GOAL: 8,000 HOTEL ROOMS BY 2020

In 2013, Mayor Eric Garcetti and the Department of Convention and Tourism Development set the goal of reaching 8,000 hotel rooms within walking distance of the Los Angeles Convention Center (LACC) by 2020. The additional hotel inventory is integral to keeping the City competitive with convention destinations such as Anaheim, San Diego and San Francisco.

Currently, there are 4,637 rooms open within walking distance and 714 additional hotel rooms under construction. While the City is potentially within reach of its goal, it is crucial that the new inventory be as close as possible to the LACC, with significant new meeting room space to attract additional business.



HOTEL ROOMS WITHIN WALKING DISTANCE OF THE LACC



Images to right, from top to bottom: The InterContinental Los Angeles Downtown at the Wilshire Grand Center, opened July 2017 with 889 rooms; Hotel Indigo at Metroplis, opened March 2017 with 350 rooms; and Park Hyatt at Oceanwide Plaza, currently under construction with 183 rooms

LOS ANGELES CONVENTION CENTER

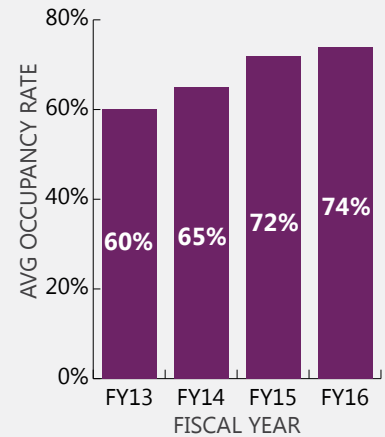


Fiscal Year 2016-17 was absolutely exceptional for the Los Angeles Convention Center, which could not have been accomplished without our talented and hardworking staff at the Convention Center, our partners at CTD and LATCB, and AEG Corporate. We significantly increased revenues, attendance and citywide bookings, and managed to close the year with the largest financial and operational surplus in the LACC's history.

Our success enabled us to invest funds back into the facility through much needed maintenance and improvement projects. We were also able to prioritize upgrades to our campus security program, to ensure the safety of all our guests. The 96 percent favorable rating from our clients sums it up: the LACC's commitment to excellence is paying off.

Brad Gessner, Senior Vice President & General Manager
Los Angeles Convention Center, AEG Facilities

EXHIBIT HALL OCCUPANCY

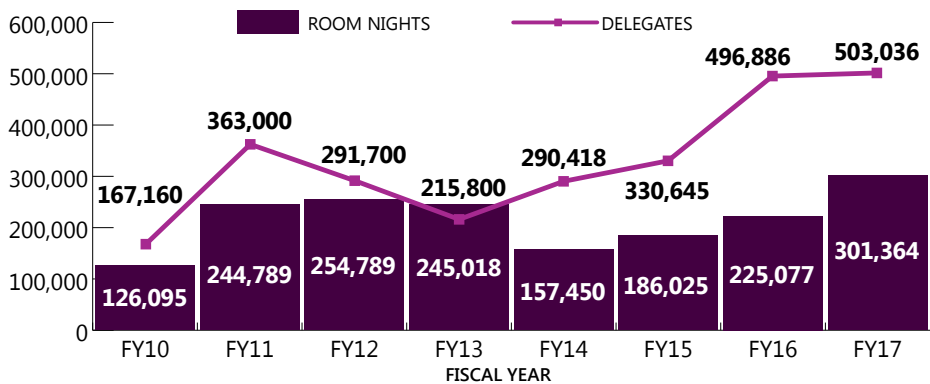


The LACC exhibit halls maintained an average occupancy rate of **74%** during Fiscal Year 2016-17.

According to industry standards the "practical maximum" is 70%. Higher occupancy rates increase the potential for lost business or "turn-aways."

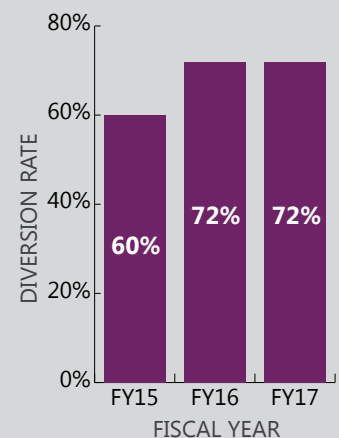
CITYWIDE EVENTS

CITYWIDE ROOM NIGHTS AND DELEGATE ATTENDANCE



32 citywide events were hosted at the LACC during Fiscal Year 2016-17, resulting in 503,036 delegates and 301,364 audited room nights for the City of LA.

WASTE DIVERSION

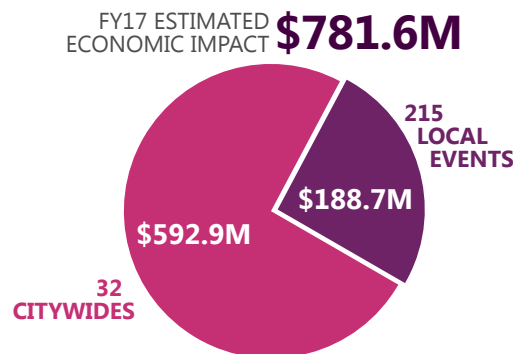


The LACC accomplished a 72% diversion rate during Fiscal Year 2016-17, and is committed to reaching 80% by 2020, a goal set by the Mayor's Sustainability Plan.

ECONOMIC IMPACT

During Fiscal Year 2016-17, the LACC generated an estimated **\$781.6 million in economic impact**, 42.5% higher than prior year.

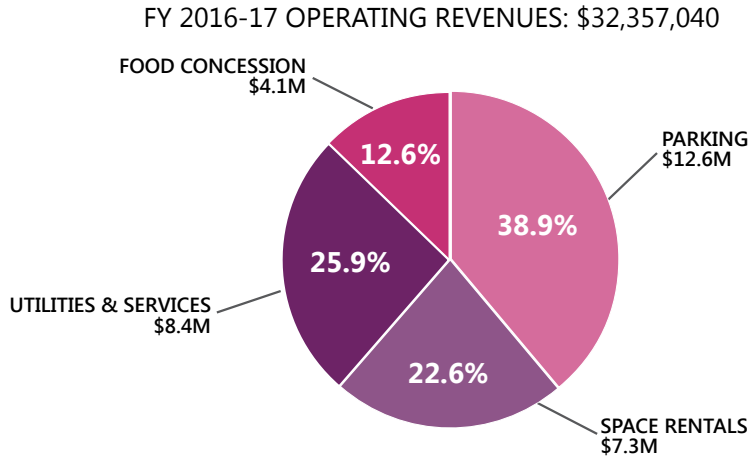
Just 32 citywide events are responsible for \$592.9 million, or **75.9%**, of Fiscal Year 2016-17's total economic impact. Citywides typically draw more out-of-town and overnight guests than local events.



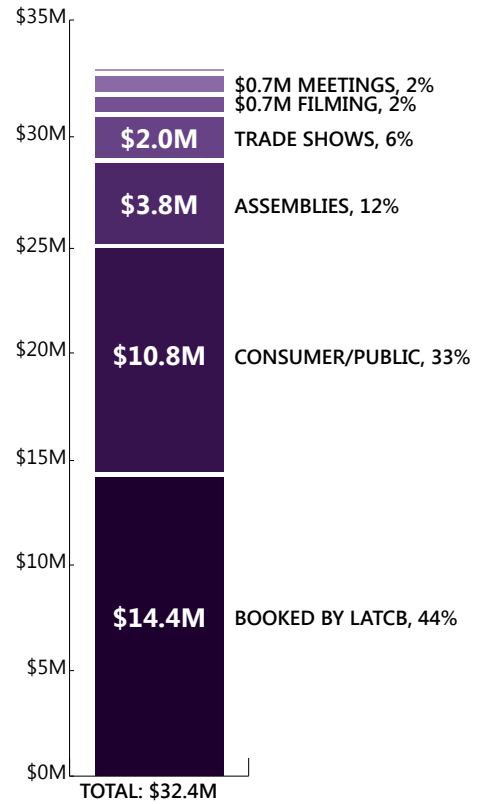
Sources: AEG Management LACC, LLC; LATCB

LOS ANGELES CONVENTION CENTER FINANCIALS

FY 2016-17 TOTAL OPERATING REVENUES*: \$32,357,040

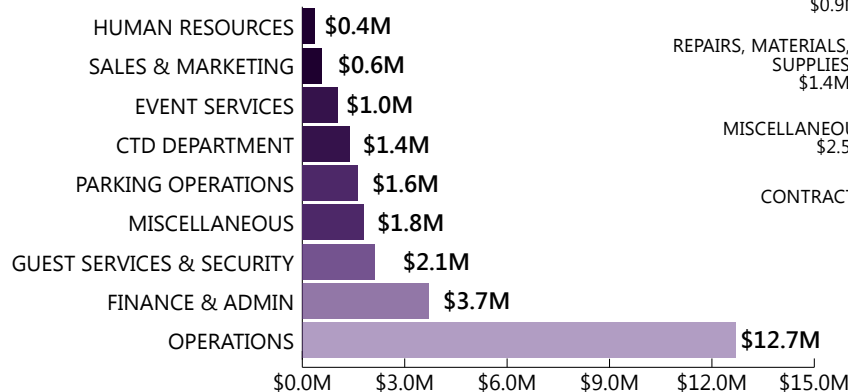


REVENUE BREAKDOWN BY EVENT TYPE

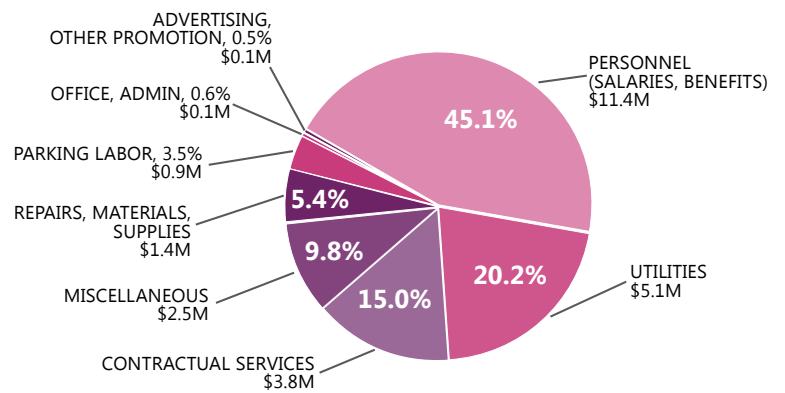


FY 2016-17 TOTAL OPERATING EXPENSES*: \$25,303,945

EXPENSE BREAKDOWN BY OPERATING DIVISION



FY 2016-17 OPERATING EXPENSES: \$25,303,945



Source: AEG Management LACC, LLC Monthly Financial Report
Revenue numbers represent net figures

LOS ANGELES CONVENTION CENTER FINANCIALS

FY 2016-17 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

PERIOD ENDED JUNE 30, 2017

OPERATING REVENUE

Exhibit Hall and Meeting Room Rentals	14,988,261
Utility Services	8,386,922
Parking Fees	12,574,182
Food Concession	16,768,802
Miscellaneous	2,117,397
Staples Incremental Parking Revenue	(1,000,000)
Gross Operating Revenue	53,835,564

LESS: DEDUCTIONS FROM OPERATING INCOME

L.A. Tourism & Convention Bureau Discounts	7,662,123
Total Operating Revenue	47,173,441

OPERATING EXPENSES

Salaries	14,051,185
Utilities	5,068,467
Contractual Services	18,504,363
Repairs, Materials, and Supplies	2,379,434
Office and Administration	182,461
Promotions	223,194
Total Operating Expenses Before Depreciation	40,409,104
Depreciation	12,422,350
Total Operating Expenses	52,831,454
Operating Income (Loss)	(5,658,013)
Non Operating Revenues (Expenses)	15,874
Other Sources and Uses / Transfers Out	(855,609)
Change in Net Assets	(7,497,748)
Net Assets, Beginning 7/01/2016	467,210,221
Net Assets, Ending 6/30/2017	459,712,473

Source: Los Angeles Convention Center Financial Statements Prepared in Accordance with Generally Accepted Accounting Principles for the Fiscal Year Ended June 30, 2017

ABOUT THE DEPARTMENT

MISSION STATEMENT

The mission of the Los Angeles Department of Convention and Tourism Development is to attract and host conventions at a world class facility with world class service, and to drive economic development and job creation by marketing the City's unique cultural, sports, entertainment, and leisure attractions that make visiting the City of Angels an unparalleled experience.

BOARD OF LOS ANGELES CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

From left to right:
Otto Padron, Vice President
Ana Cubas
Jon F. Vein, President
Stella T. Maloyan



DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT EXECUTIVE TEAM



Doane Liu
Executive Director



Thomas Fields
Chief Operating Officer
Assistant General Manager



Diana Mangioglu
Assistant General Manager
Finance and Administration



CITY OF
Los Angeles
DEPARTMENT OF
CONVENTION & TOURISM DEVELOPMENT

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CTD.LACITY.ORG

OUR CONVENTION & TOURISM PARTNERS

