



DEPARTMENT OF  
**CONVENTION &  
TOURISM DEVELOPMENT**

CITY OF *Los Angeles*

**2015  
ANNUAL REPORT**

# 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.

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The Department of Convention and Tourism Development is a proud supporter of the Los Angeles 2024 Olympic Bid

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# LETTER FROM PRESIDENT JON VEIN



2015 has been a tremendous year for the Department of Convention and Tourism Development (CTD), proving once again that our new governance structure and improved partnerships are producing great results for the City.

We are well on the way to our goal of 50 million visitors by 2020. In calendar year 2015, a record-breaking **45.5 million** people visited Los Angeles, a 2.8 percent increase over 2014.

Our hotels are enjoying record high occupancy rates, and as a result, our Transient Occupancy Tax (TOT) has surpassed historical totals. In 2015, for the first time in the City's history, TOT earned **over \$200 million** for the City's General Fund, up 15 percent from the previous year.

Leisure and hospitality employment grows every year, providing valuable and accessible jobs to the people of LA. During 2015, the leisure and hospitality industry averaged **488,100 jobs** in LA County, a 4.6 percent year over year increase.

While this paints a rosy picture, we need to continue to build our leisure and hospitality sector to create an enduring foundation for growth and economic stability. This requires developing and marketing LA as a top tier, international location – a place for tech companies to flourish, for domestic and international visitors to flock to, and for developing best practices in sustainability.

I believe that positioning the Los Angeles Convention Center (LACC) as a stronger economic engine for the region will help get us there. By expanding and modernizing the LACC, we are investing in a sustainable, revenue-generating machine, creating jobs and long-term financial productivity.

I would like to thank Mayor Eric Garcetti for his guidance and support. We have many accomplishments to be proud of: the refined working relationship between LACC, the Los Angeles Tourism & Convention Board, and CTD; the improvements made to the LACC both physically and administratively under the effective management of AEG Facilities; and being on the cusp of the first expansion of the LACC in decades... but these reflections also inspire even more ambitious goals.

It is our endeavor to serve the City of LA in the best way we can. Let us seize upon the wave of momentum that Downtown LA is currently experiencing and undertake this project that will leave a positive legacy for generations to come.

Sincerely,

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

Jon F. Vein, President

The Board of Los Angeles Convention and Tourism Development



PHOTO ABOVE: The Board of Convention and Tourism Development Commissioners from left to right: Jeremy Bernard, Ray Bidenost (Vice President), Jon F. Vein (President), Stella T. Maloyan, and Otto Padron.

# LEADERSHIP

The Department of Convention and Tourism Development (CTD), along with the Los Angeles Tourism & Convention Board (LATCB) and AEG Facilities, continues to make great progress in advancing the convention and tourism industry in LA.

As a result of CTD's contract oversight and a focus on collaboration, the working relationship between the Los Angeles Convention Center (LACC) and LATCB has vastly improved. This has resulted in enhanced scheduling and utilization of the facility. The optimized event mix, combined with the fiscally responsible management by AEG Facilities, has resulted in a second year in the black for the LACC. Increased parking, food and beverage, and rental revenues, strong filming numbers, and great client feedback are just a few highlights from the last fiscal year.

LATCB continued to dominate the digital destination marketing world with a stellar

social media presence and award-winning website. Innovative campaigns combined with carefully targeted deployment has resulted in maximized return on interest for money spent on marketing. Their extraordinary efforts across the globe to bring citywides to LA are paying off; the LACC has some strong years on the books in the future, which indicates that the citywide market demand exists, and it wants to come to LA.

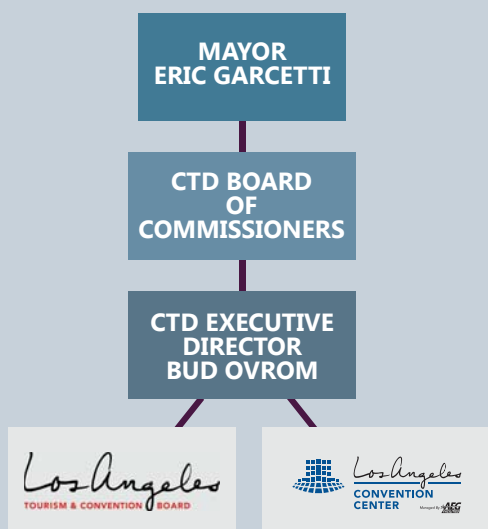


From left to right: Ernest Wooden Jr., President and CEO of LATCB; Bud Ovrom, Executive Director of CTD; Brad Gessner, Vice President of Convention Centers at AEG Facilities

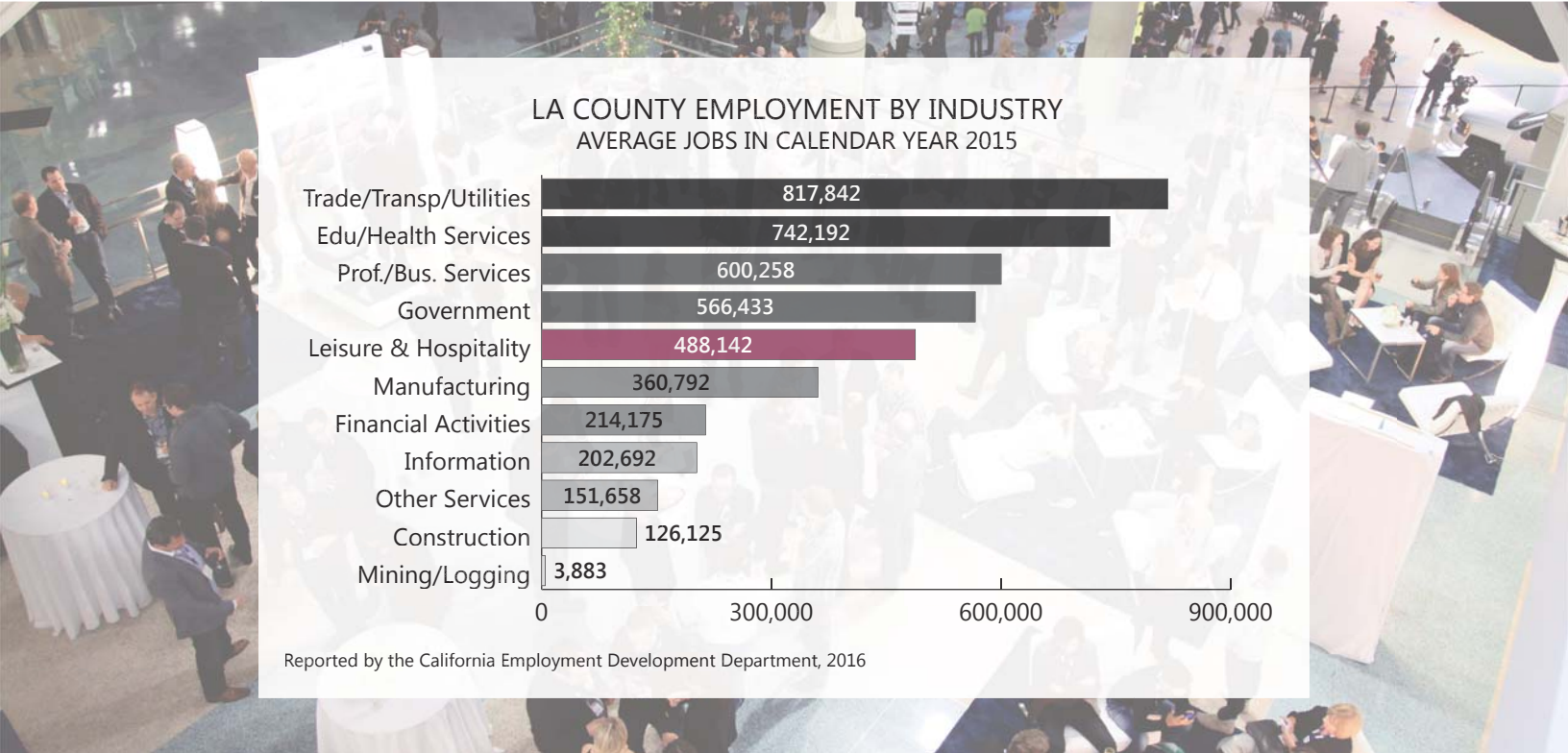
## DEPARTMENT GOVERNANCE

Today, the LACC is one of the City's most successful public-private partnerships (P3). The Convention Center is owned and financed by the City, but since December 2013, the daily operations have been managed by AEG Facilities. Moreover, the marketing of LA and citywide convention sales are under another successful P3 contract with LATCB.

The improved governance structure (see chart left) implemented two years ago has also streamlined processes. Because the CTD Board of Commissioners takes an authoritative role instead of advisory, decisions and improvements are implemented swiftly and more efficiently. The CTD Department reports to the Board, develops strategies to expand the tourism and convention industries in LA, and facilitates capital improvements to the Convention Center.



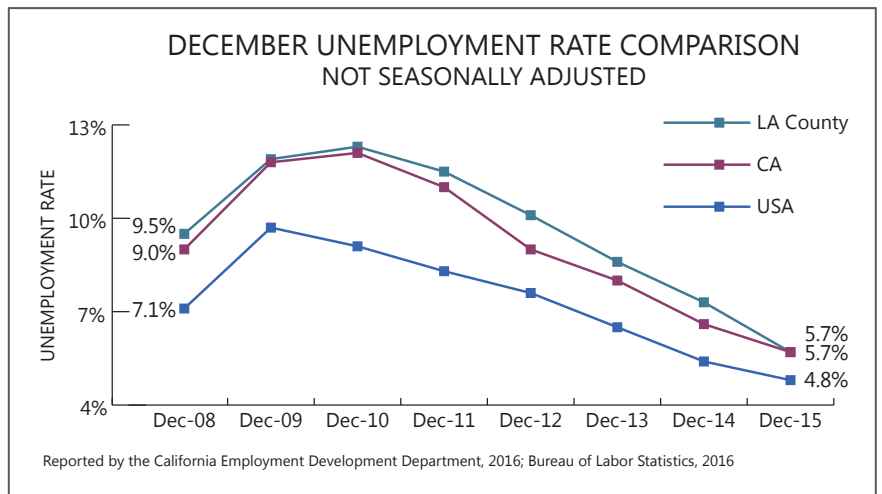
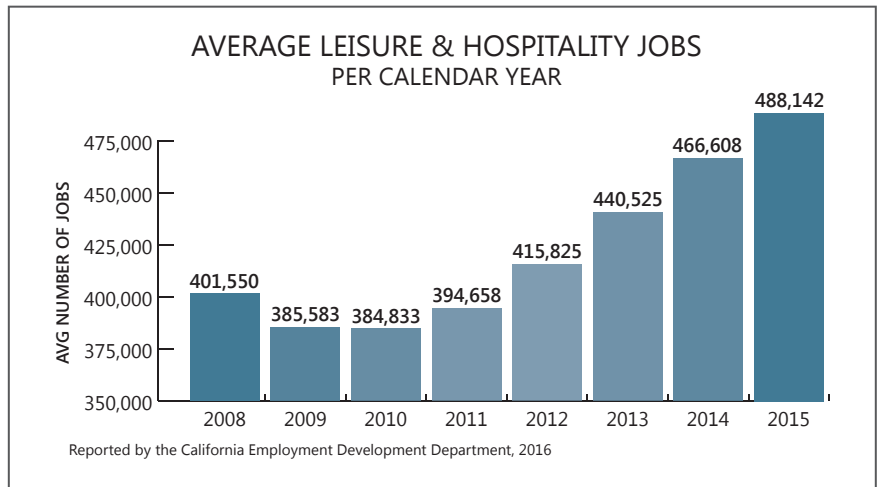
# JOBS FOR LOS ANGELES



As the economy in LA continues to improve, LA County employment also showed marked gains over the last fiscal year. The leisure and hospitality industry continues to report strong numbers while being the fifth largest industry super sector tracked by the California Employment Development Department.

The leisure and hospitality industry passed its pre-recession peak in 2012, and it continues to demonstrate dependable growth. From January to December of 2015, **30,500 jobs** were added, making leisure and hospitality the third-fastest growing industry after educational and health services and trade, transportation, and utilities. These entry level jobs at restaurants, hotels, and attractions often lead to opportunities for advancement toward long-term, rewarding careers.

Even with a growing workforce, unemployment rates are also improving. LA County dropped to 5.7 percent in 2015, finally matching California's unemployment rate. The rest of the nation decreased as well, ending with 4.8 percent in 2015.

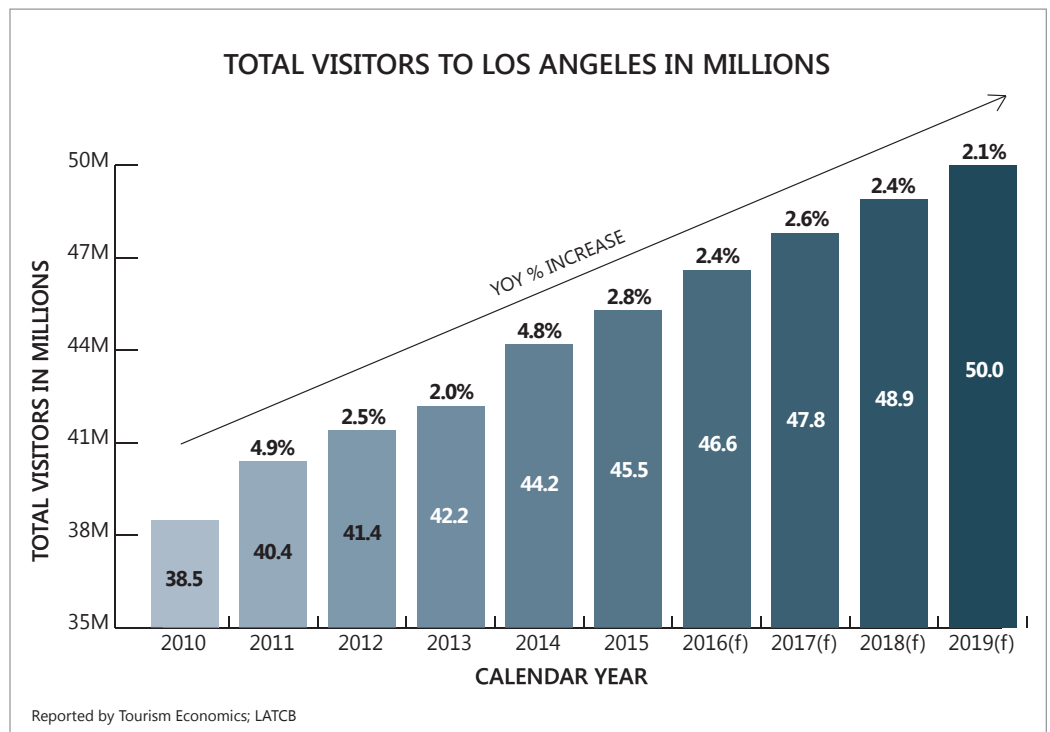


# ECONOMIC IMPACT



2015 was a record-breaking year with **45.5 million visitors**, higher than the initial estimate of 45.3 million and a 2.8 percent increase over 2014, setting a pace for LA to reach its goal of **50 million visitors before 2020**.

International visitation, which accounts for nearly one-third of all visitor spending, set a new record at 6.7 million visitors to LA, increasing by 3.4 percent over the previous year.



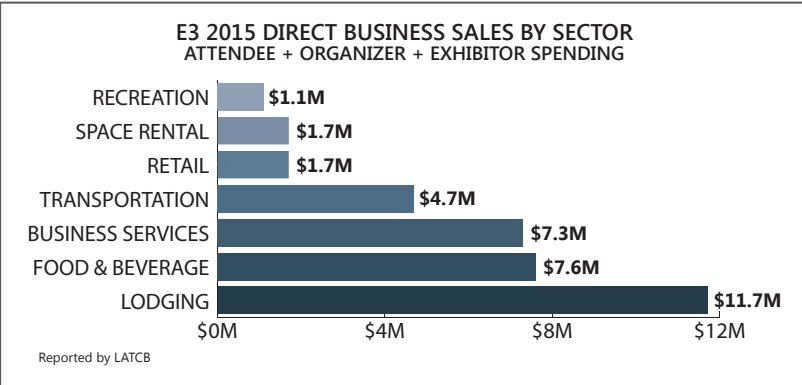


# E3 ECONOMIC IMPACT IN 2015: \$58.6 MILLION

## ECONOMIC IMPACT OF LACC CITYWIDE AND CENTER EVENTS

Leveraging the LACC as an economic engine for the region has its benefits. Because the LACC enables large citywide events, significant numbers of event attendees spend money at local hotels, businesses, and attractions during their stay.

For example, one of LA's most noteworthy citywide events, the Electronic Entertainment Expo (E3), brings tremendous direct and indirect economic impact to the City. This multi-day event occupies the entire building, and in 2015, there were over 50,000 unique attendees.



## E3 2015 HIGHLIGHTS

**\$35.8M DIRECT SPENDING**  
10.8% INCREASE\*

**\$58.6M DIRECT+INDIRECT SPENDING**  
10.8% INCREASE\*

**42,000+ ROOM NIGHTS**  
7.3% INCREASE\*

**453 ANNUAL FTE JOBS SUPPORTED**  
7.3% INCREASE\*

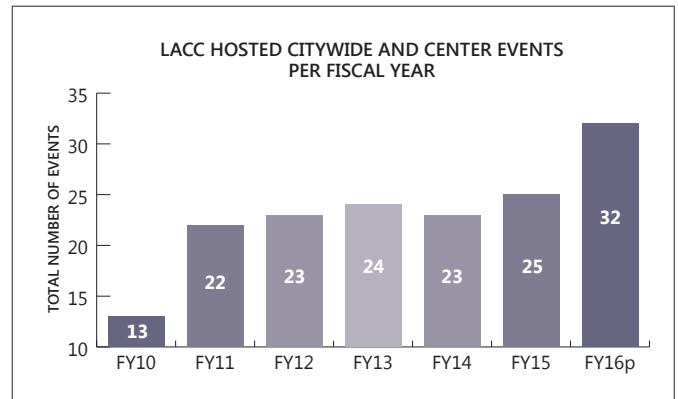
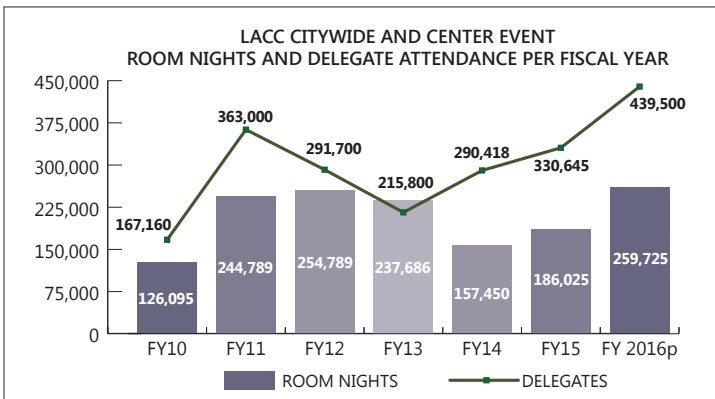
\*over E3 2014



Under its relationship with the City of Los Angeles, the primary goal of LATCB is to grow the local economy by promoting the City as a site for citywide conventions, business meetings, major tradeshows, and as a destination for leisure travel.

The CTD Department and LATCB have developed four major objectives with corresponding performance metrics to measure progress toward achieving this goal.

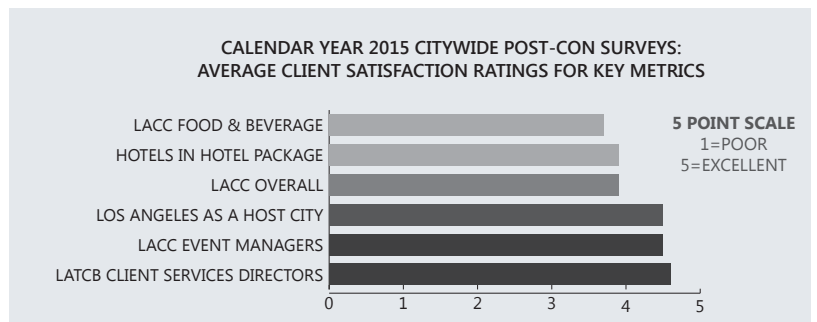
## INCREASE VISITATION TO LOS ANGELES, AS BOTH A CONVENTION AND TOURIST DESTINATION, AND INCREASE ASSOCIATED ECONOMIC BENEFITS



Citywide and center events booked by LATCB generate more economic impact for the LA region than local shows and events, particularly because a higher percentage of attendees are visiting from out-of-town. By elevating the conventions and meetings industry in LA, visitor perception of the City also improves.

## FACILITATE AND TRACK ENGAGEMENT WITH CONVENTION AND LEISURE VISITORS, TO ENHANCE THE VISITOR EXPERIENCE AND ENCOURAGE REPEAT VISITATION AND LONGER STAYS

Getting visitors to LA is only part of the battle. The next step is inspiring return visitation. The chart to the right shows one tool used to gauge client satisfaction, which then guides future improvements to various aspects of hosting citywide events.



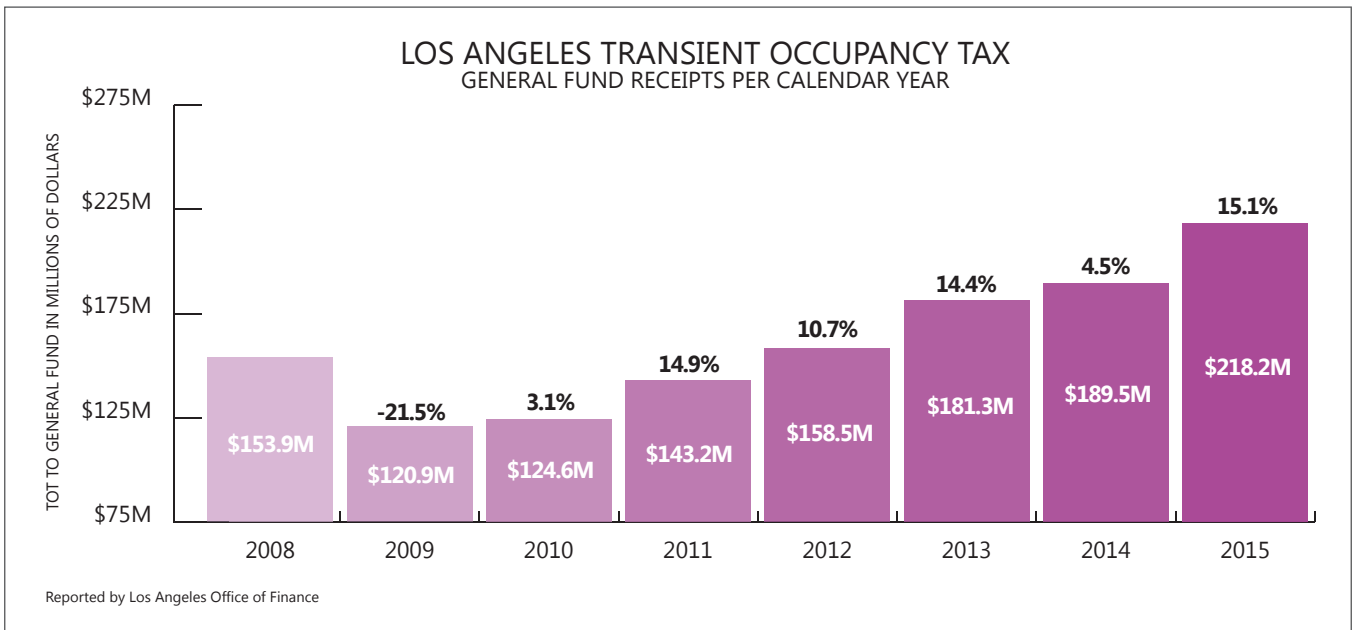
**12.2 MILLION**  
DISCOVER LOS ANGELES  
WEBSITE VISITS

**3.3 MILLION**  
FOLLOWERS ON SOCIAL MEDIA

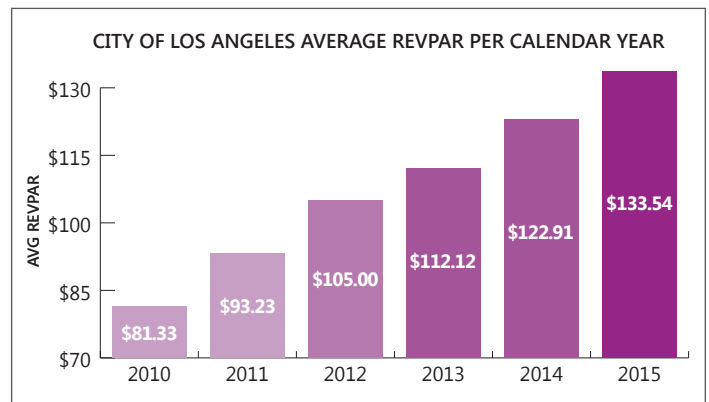
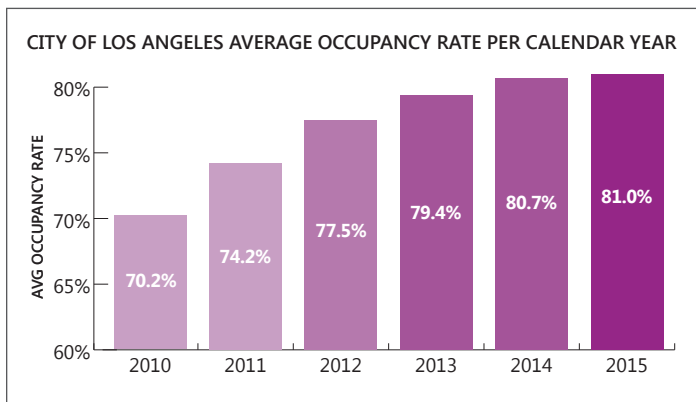
Another way to reach visitors is through the internet. LATCB's website and social media presence is carefully curated and maintained, which has yielded an impressive amount of interest and engagement. During 2015, the Discover Los Angeles website received 12.2 million visits, and social media accounts reached 3.3 million followers.



## MEASURE THE ECONOMIC IMPACT FROM CITYWIDE CONVENTIONS AND THE TOURISM AND HOSPITALITY SECTOR



The Transient Occupancy Tax (TOT), a hotel or lodging tax that is paid by guests on the rent charged by the operator of the hotel, reached an all-time high at **\$218.2 million in calendar year 2015**, an increase of 15.1 percent over 2014. This is the **sixth consecutive year** of growth for this General Fund revenue source. As LA visitation and the hotel room supply are anticipated to increase, the TOT will likely follow.



Reported by Smith Travel Research; LATCB

Despite recent additions to the hotel supply inventory in LA, market demand is so great that there was no dip in hotel occupancy rates or average revenue per available room. Occupancy rates of 80 percent and above are essentially at capacity, and in order to accommodate the anticipated visitor growth in upcoming years, an increase in hotel rooms is needed.

### EFFECTIVELY LEVERAGE TOT FUNDS, WITH OTHER SOURCES OF REVENUE, TO PROMOTE CONVENTIONS AND TOURISM TO MAXIMIZE THE YIELD FROM THE CITY'S INVESTMENT

LATCB has a unique position as the official marketing arm of the City of LA, resulting in frequent partnerships with other organizations to promote the City and its assets. In 2015, they received **\$33.0 million** from other sources of revenue, including receipts from memberships, sponsorships, and mainly the Tourism Marketing District, to support the promotion of tourism in LA.



Los Angeles  
CONVENTION CENTER

Managed By **AEG FACILITIES**

The mission of AEG Facilities at the LACC is to serve the City of Los Angeles by providing exemplary facilities and services to event producers and attendees and to generate significant economic benefits for the Greater Los Angeles region, and to leverage assets within the Sports and Entertainment District to provide event and entertainment opportunities to the citizens of LA.

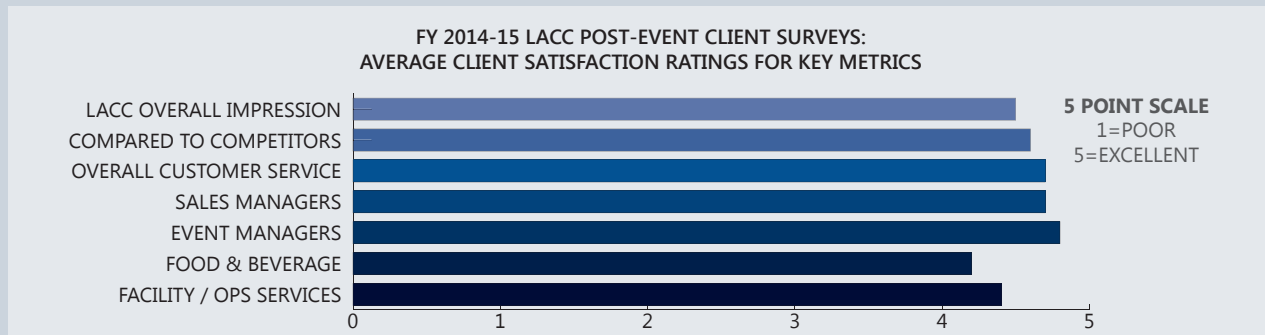
Under the management of AEG Facilities, the LACC generated its first ever operational profit, two years in a row, since privatization. The 2014-15 fiscal year ended

with \$2.6 million in profit, which is being allocated into a financial reserve and reinvested into the building via alteration and improvement projects.

During FY 2014-15, the 25 citywide and center events hosted at the LACC, along with assemblies, consumer and trade shows, meetings, and filmings, resulted in a 64 percent exhibit hall occupancy rate.\* The practical efficient range for convention centers is 50 to 60 percent (PriceWaterhouseCoopers).

## CUSTOMER SATISFACTION

The LACC recognizes the importance of consistently delivering exceptional services in order to both retain existing clients and attract new business. In order to align service standards, all employees, partners, and contractors participate in AEG’s Encore Guest Services training. This program focuses on exceeding client and guest expectations, while prioritizing safety. The Post-Event Client Surveys administered during FY 2014-15 (results below) reflect the LACC’s commitment to excellence.



## FY 2014-15 LACC SOCIAL MEDIA GROWTH

TWITTER FOLLOWERS  
**3,340**

FACEBOOK LIKES  
**39,400**

INSTAGRAM FOLLOWERS  
**200**

## FY 2014-15 LACC STATS

OPERATING PROFIT: \$2.6 MILLION

ALTERATIONS & IMPROVEMENTS: \$1.2 MILLION

OCCUPANCY RATE: 64.4%

## GREEN HIGHLIGHTS

WASTE DIVERSION RATE: 60%

400 LAMPS REPLACED = 15% ENERGY SAVINGS

80% OF SPRINKLERS REPLACED FOR LEAK PREVENTION

\*LACC occupancy rate calculations based on 365 days of availability; number of days of utilization including move-in, event, and move-out; and size difference in different available spaces.

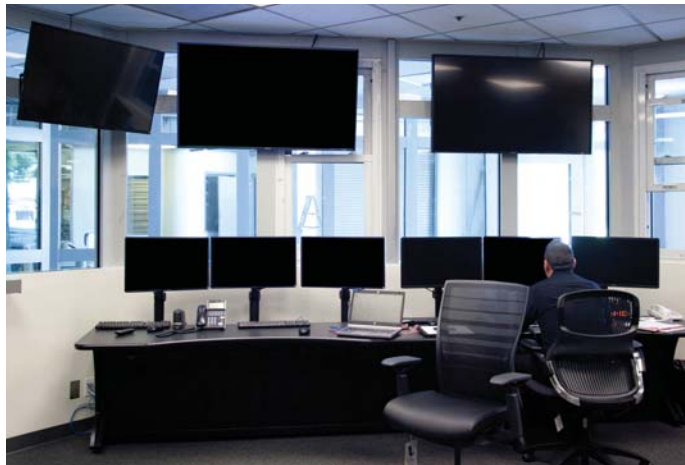
# SECURITY AT THE LACC

Since assuming operational oversight of the LACC, security has been one of the major priorities for AEG Facilities. Security operations have been streamlined and building safety has improved due to a number of improvements.

An increase in staffing, an established standardized field training program, and mandatory Federal Emergency Management Agency training courses have advanced the security presence on the LACC campus. A new incidence reporting software helps with documenting and reporting incidents, with the added benefit of high-level event analysis that identifies trends useful for efficient deployment of security resources.



After several months of development and training, the Security Department implemented a security bike team to focus on active patrols around the exterior of the building and the parking garages (see photo above).



During FY 2014-15, a massive rebuild of the security surveillance system increased the number of security cameras by over 150 new units. Combined with the newly remodeled security command center (see photo left), the improved technology and increased coverage will yield considerable assistance with identifying and recording potential threats and vulnerabilities.

## COMMUNITY INVOLVEMENT

AEG Facilities is committed to operating the LACC in a responsible manner and to giving back to the community.

During FY 2014-15, the LACC participated in a number of community-supporting volunteer activities, including distributing turkeys during the Thanksgiving Turkey Giveaway (see photo right); collecting approximately 300 toys for Toys for Tots; and preparing and serving meals at the Midnight Mission.

The LACC also participated in the 2015 AEG Job Shadow Program, where Senior Leadership provided insight into the meetings and conventions industry.



In November of 2014, the LACC hosted the first Los Angeles Veteran and Families Stand Down, the largest event of its kind in the nation (see photo left). Over the course of three days, critical relief was offered to at-risk and homeless service men and women and their families, including housing and employment assistance, and medical and wellness care. As part of Mayor Garcetti’s pledge to end veteran homelessness in LA, AEG proudly sponsored the event and contributed toward the cause.

# SUSTAINABILITY

The CTD and LACC have committed to a comprehensive approach to sustainability, and is doing its part to implement the City of LA's Sustainable City pLAN. A number of capital improvement projects (CIP) and alteration and improvement projects have been undertaken by CTD and LACC to meet this priority, including:

- Installation of the cool roof for South Hall and Concourse Hall began (see next page).
- Hundreds of toilets and urinals were replaced with high-efficiency models, resulting in decreased water usage and enhanced customer experience.
- The xeriscaping project resulted in significant water savings by removing turf from various public areas and replacing with drought tolerant plants and landscaping.



As the CTD and LACC continue to explore further solutions for increased sustainability, a few of the projects slated for the near future are:

- Solar photovoltaic roof project: photovoltaic panels to be installed on the South Hall roof will generate approximately 1.5 megawatts of electrical power.
- Electric vehicle charging stations: various options are being explored to improve current offerings.
- Diversion rate: the goal for FY 2016-17 is 65 percent, a five percent increase over the previous year.

## LACC EXPANSION

The CTD, City Council, and the Bureau of Engineering have committed to a LEED Gold Certified project, ensuring that the modernized and expanded LACC will continue its commitment to environmental stewardship.

## LEED CERTIFICATION



In 2010, the LACC achieved Gold level certification in Leadership in Energy and Environmental Design for Existing Buildings in Operations and Maintenance (LEED-EB O&M). To preserve this title, the LACC began LEED recertification in spring of FY 2015-16. The LACC now holds the first convention center Gold recertification on the West Coast. This level is the second highest of four possible LEED certifications awarded by the U.S. Green Building

Council (USGBC), and reflects outstanding performance in sustainable sites, water efficiency, materials and resources, and indoor environmental quality.

The LACC was also recognized at the USGBC-LA's 11th Annual Green Gala in November 2015 for Sustainable Innovation in the Materials and Resources category. Projects honored at this prestigious event exemplify innovation, multi-tier collaboration, and positive community impact.



## CAPITAL IMPROVEMENT PROJECTS



Considerable effort is being made to invest in the sections of the facility that will not be impacted by the proposed LACC expansion. CIPs totaling over \$9 million were undertaken in FY 2014-15 to drastically improve the safety, customer experience, and sustainability of the LACC.

One of the most notable projects was a significant upgrade of the outdated and unreliable security surveillance system (see page 9). Other CIPs included

upgrades to the parking system for increased efficiency and dependability; essential repairs to equipment that outlasted their recommended lifespans; and modernization of the theater, including new seats, carpet, and paint (see photo above).

This CIP reinvestment into the building demonstrates to clients that LA is ready to treat the LACC as a valuable asset, worthy of attracting national and international business.

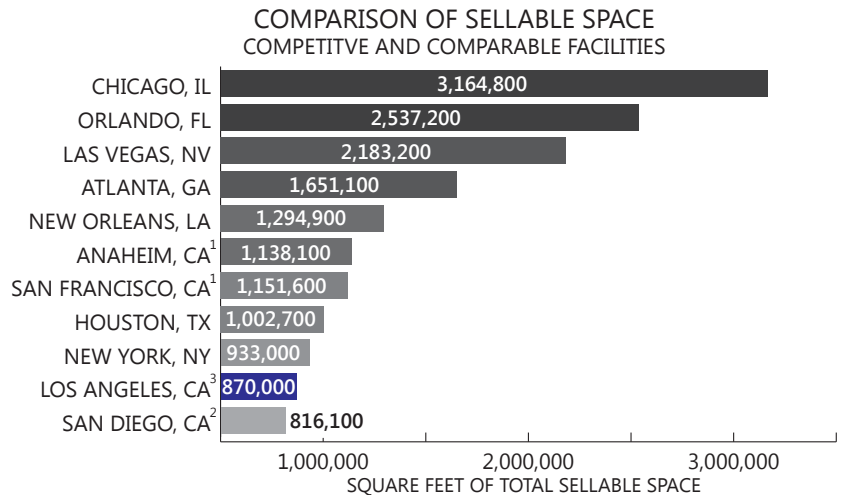


Another noteworthy CIP is the replacement of the South Hall and Concourse roof. The traditional tar and gravel roof is being replaced by a "cool roof," which will seal troublesome leaks. The roof will be finished with a durable white surface, which will reflect heat from the sun and lower energy usage for air conditioning. The cool roof also features a layer of insulation, which will help moderate the building's temperature even further. Thus far, the Concourse roof has been completed, and the South Hall roof is currently in progress (see photo above). The project is estimated to be completed within the second quarter of 2016.

# THE FUTURE OF THE LOS ANGELES CONVENTION CENTER

Although the LACC is currently an underperforming asset with respect to citywide business in an otherwise world-class city, the vision for the future of the facility is ambitious and realistic. It is possible to make the LACC a flagship of the county and an international destination. Toward that end, the City is on the brink of expanding and renovating the LACC to turn this billion dollar asset into a long-term economic engine for the entire region.

The goal of the project is to attract larger conventions and simultaneously host multiple, large-scale events, thus maximizing the increase of economic impact to the region. Compared to other competitive cities, the LACC has relatively weak space offerings (chart right).



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

Immediate competitors, such as San Francisco, Anaheim, and San Diego are investing heavily in their respective convention centers, and they already outpace the LACC in terms of room night generation (chart above). If LA 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.

In June of 2014, City Council put a design competition into motion. The Bureau of Engineering (Engineering) spearheaded the effort for the CTD Department to select an architectural team for the project at hand. Engineering received 11 responses, and following an interview process, three finalists submitted design proposal packages. The winning team, selected in June 2015, is led by Populous and includes HMC Architects and a collection of local and industry-leading talent in convention center design and construction.

## DESIGN OVERVIEW

Using the design competition’s winning proposal from Populous | HMC Architects as a platform from which to start, the City has been receiving input from existing clients, prospective future users, and other local and business stakeholders to guide the ultimate final design. The conceptual design refinement phase is targeted to be done during the second quarter of 2016. The results of that input will be publicly shared with the community and clients prior to moving onto the schematic design phase.

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

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	102,000	180,000
MULTI-PURPOSE	48,000	26,000
EXTERIOR BALLROOM	0	75,000
GRAND TOTAL	870,000	1,243,200

a proposed, on-site headquarters hotel with at least 1,000 rooms.

Configuration and layout of the expansion components will capitalize on LA’s year-round sunlight and enjoyable weather. The highly desired additional space inventory, combined with the modern design and superior functionality and flexibility, positions LA to truly elevate its standing as a first-tier destination in California, the West Coast, and the rest of the world.



Above: Rendering of the LACC expansion and modernization project, as proposed by Populous | HMC Architects

## PROJECT COST & FINANCES

The City's 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 firms, who independently concluded that the project and its assumptions could be built at just under the \$350 million target.

The City Council has directed staff to explore two different "paths" for financing the expansion:

### CONVENTIONAL MUNICIPAL FINANCING

Under the first approach, the City would finance the cost of the project by issuing municipal bonds. This is how the City typically finances major capital projects, such as buildings and infrastructure projects. It was this financing structure which was used to construct and expand the LACC. Historically, and based on the current budget, 3.5 percentage points of the 14 percent Transient Occupancy Tax (TOT), a tax charged to visitors who stay in hotels within City boundaries, have been used to pay the bond debt service cost of the LACC. With the resurgent economy, particularly in the leisure and hospitality sector, the TOT is one of the fastest growing revenues in the City. As such, the 3.5 points for FY 2015-16 are anticipated to generate over \$58 million, while the annual debt service payment for the LACC is between \$47 to 48 million.

Every major convention center in the nation has been built using some form of public financing. In LA's case, the bonds that were issued for the construction of West Hall have been paid off, and the bonds that were issued for Concourse Hall and South Hall are scheduled to be paid off by FY 2022-23. Assuming current interest rates and steady market conditions, the new project cost of \$470 million may be sustainable should the City plan the same level of funding toward future debt service.

The CTD has committed to living within its means and will **not** request levying any **new taxes** or **increasing** any current tax rates. A new bond issuance could be paid for with the current allocation of 3.5 points of the 14 percent TOT.

### DBFOM

In December 2013, the City Council directed the City Administrative Officer (CAO) to also look into alternative financing mechanisms. The CAO is currently studying an alternative plan which may involve leasing the entire Convention Center to a private developer who would Design, Build, Finance, Operate, and Maintain (DBFOM) the existing and expanded facilities. Although the DBFOM model has never been successfully used for a convention center in the United States, the City felt it was prudent to study the DBFOM approach concurrently with the conventional municipal financing approach.

A possible advantage to this approach is that a private developer might be able to sub-lease a portion of the 54 acre LACC campus for other revenue generating uses, the proceeds from which could then be used to help defray a portion of the project costs. To the extent the new real estate development ventures do not cover the debt obligations, the 3.5 points of the TOT historically used for LACC debt services would be made available to the private developer to fill the gap.



A second potential benefit is that the debt associated with the project would be assumed by the private developer rather than the City. Although the City would be responsible for paying the developer an annual service fee (referred to as an “availability payment” because the private developer would be making the LACC “available” to the City), the borrowing risk would be assumed by the private developer and would not impact the City’s debt capacity. This is important because the City has adopted a policy for maintaining a debt portfolio in which annual debt service payments should not

exceed 6 percent of annual General Fund revenues. Due to budget restraints and constrained General Fund revenues, the City has debt financed such things as equipment and vehicles, rather than paying cash. This practice, coupled with the City’s need to move forward with major capital improvement projects, has limited the City’s available debt capacity. Given that interest rates are lower for municipal borrowers, total DBFOM costs are anticipated to be higher. The benefit, however, of a DBFOM-financed project is that the annual availability payment is an operating expense and would not impact the City’s debt portfolio.

The Mayor and the City Council remain committed to upgrading the long neglected LACC. The study of different financing mechanisms is an indication of the City’s determination to find the best way to undertake this important economic development project. An analysis regarding the different financing alternatives is due back to the City Council before the end of FY 2015-16.

## PROJECT SCHEDULE

TASK	2016			2017				2018				2019				2020				2021	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
ENVIRONMENTAL IMPACT REVIEW & APPROVALS	█																				
CONCEPTUAL DESIGN (REFINEMENT)	█																				
SCHEMATIC DESIGN			█	█																	
DESIGN DEVELOPMENT					█	█															
CONSTRUCTION DRAWINGS								█	█												
CONSTRUCTION PHASE I								█	█	█	█	█	█								
CONSTRUCTION PHASE II														█	█	█	█	█	█	█	█

When the City Council determines the next steps in the process, they will also consider the preliminary environmental impact review and the refined conceptual design by Populous | HMC Architects.

Project design is estimated to take approximately two years overall, until late 2017 or early 2018. Phased construction will be prioritized 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 ultimate project completion in the first quarter of 2021. 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. The CAO indicates the DBFOM approach would adhere to the same schedule.

# HOTEL DEVELOPMENT

**2016**

**METROPOLIS**

**350 HOTEL ROOMS**

**1,550 CONDOS (PHASED)**

**74,000 SQ FT RETAIL (PHASED)**



**2018**

**OCEANWIDE PLAZA**

**183 HOTEL ROOMS**

**504 CONDOS**

**166,000 SQ FT RETAIL**



**2017**

**INTERCONTINENTAL**

**900 HOTEL ROOMS**

**45,100 SQ FT RETAIL**

**400,000 SQ FT OFFICE SPACE**



**2020**

**FIGUEROA NORTH**

**300 HOTEL ROOMS**

**(125 NET NEW)**

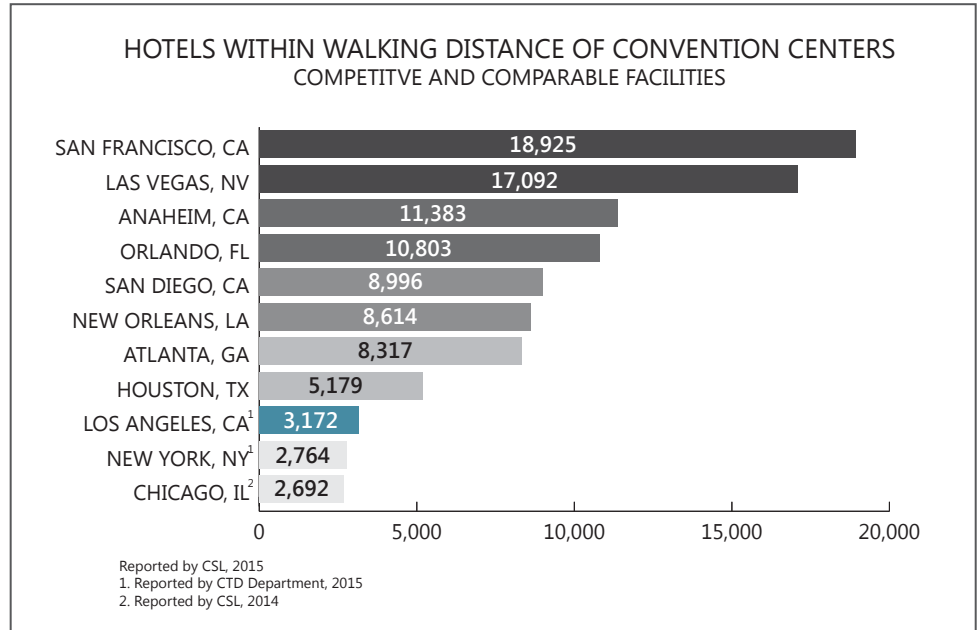
**650 CONDOS (PHASED)**

**80,000 SQ FT RETAIL**

The LACC has struggled for years with an insufficient supply of hotel rooms within walking distance. The CTD Department's goal to reach **8,000 hotel rooms by 2020** appeared to be a daunting task, but with Downtown's resurgence and redevelopment after the Recession, a significant number of hotel rooms are anticipated to come online.

First to the scene will be the mixed-use development Metropolis, with 350 hotel rooms in fall of 2016. The InterContinental at the Wilshire Grand site will be close behind, slated to open its 900 rooms in spring of 2017.

Oceanwide Plaza, Figueroa North (Shenzhen Hazens), and the JW Marriott Expansion are other notable projects that will bring more hotel rooms, meeting space, and retail/dining within walking distance of the LACC.



The addition of an on-site hotel at the LACC with at least 1,000 rooms will give the final boost needed to reach the CTD's goal. To that end, a Request for Interest (RFI)

administered by Strategic Advisory Group and the Economic and Workforce Development Department was released in December 2015 to gauge hotel developers' and operators' interest in this project.

After a well-attended open house in January with plenty of lively and creative discussions, seven RFI responses from reputable hotel brands and accomplished developers were received in February 2016. After reviewing the promising results, City Council authorized CTD to start drafting a Request for Proposals (RFP) for the on-site hotel for the Council's further consideration. The RFP will be open to all, as participation in the RFI was not mandatory.

This strong interest in the LACC property reflects the incredible demand for an increase in hotel rooms in the Sports and Entertainment District.



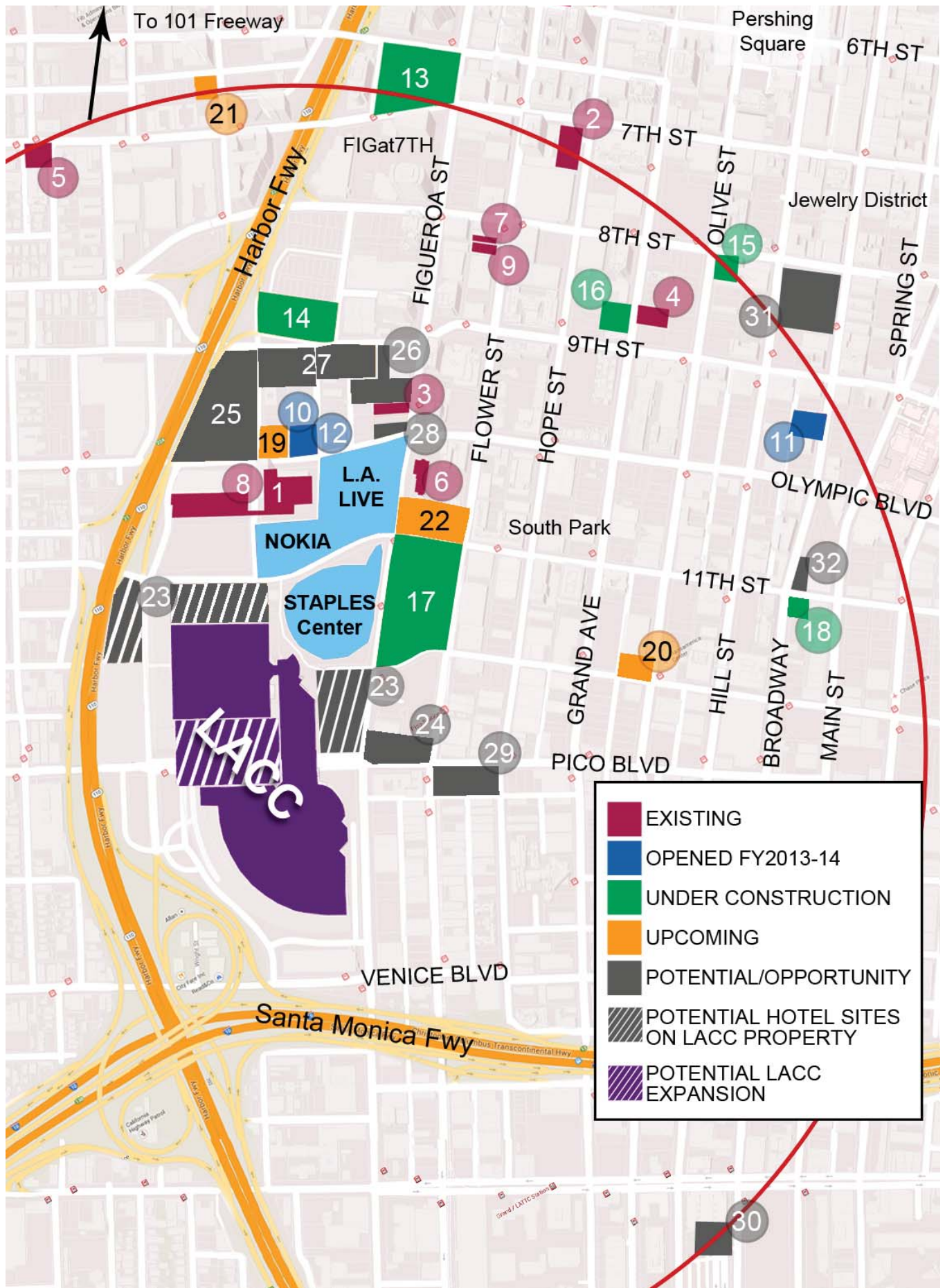
**2019**  
**JW MARRIOTT EXPANSION**  
**755 HOTEL ROOMS**  
**17,800 SQ FT RETAIL**  
**170,000 SQ FT MEETING SPACE**

# HOTEL ROOMS WITHIN WALKING DISTANCE OF THE LACC

EXISTING AS OF JULY 1, 2013			UNDER CONSTRUCTION		
1	JW Marriott Los Angeles L.A. LIVE	878	13	InterContinental Los Angeles Downtown	900
2	Sheraton Los Angeles (The Bloc)	485	14	Metropolis	350
3	Figueroa Hotel*	285	15	Freehand Hotel and Hostel	226
4	Stillwell Hotel	232	16	Esplendor Trinity Hotel	183
5	Mayfair Hotel	215	17	Oceanwide Plaza	183
6	Luxe City Center Hotel	175	18	The Downtown LA Proper (Case Hotel)	148
7	Ritz Milner*	137	Subtotal		1,990
8	Ritz-Carlton, Los Angeles	123	UPCOMING		
9	O Hotel	67	19	JW Marriott Expansion	755
Subtotal		2,597	20	dtLA South Park	300
OPENED FY 2013-14			21	Home2 Suites	143
10	Residence Inn Los Angeles L.A. LIVE	219	22	W Hotel (Figueroa North)	125
11	Ace Hotel	182	Subtotal		1,323
12	Courtyard Los Angeles L.A. LIVE	174	OPPORTUNITY SITES		
Subtotal		575	23	LACC	1,000
<b>TOTAL EXISTING</b>		<b>3,172</b>	24	Pico Blvd + Figueroa St	750
			25	Olympic West	600
			26	Genting Property	600
			27	9th Street Sites	400
			28	Olympic Tower Hotel (Car Wash Site)	373
			29	Pico + Hope/Flower	350
			30	The Reef (LA Mart)	208
			31	Waterbridge (Broadway Trade Center)	200
			32	Hoxton Hotel	150
			Subtotal		4,631
			<b>TOTAL FUTURE</b>		<b>7,944</b>

**GRAND TOTAL 11,116**

\*Currently undergoing renovations



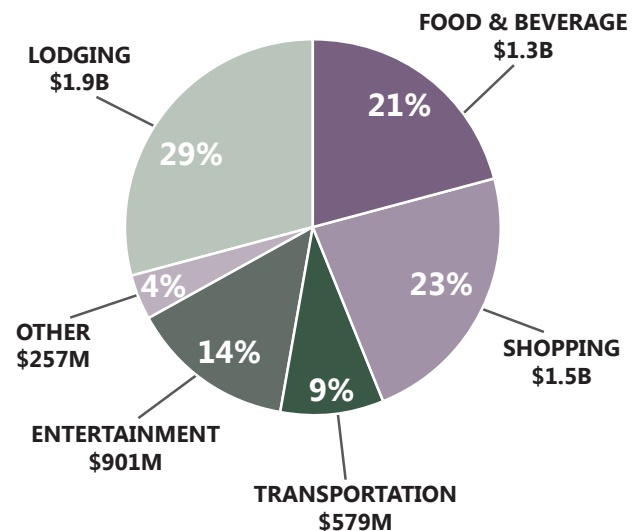
# INTERNATIONAL TRAVEL TO LOS ANGELES

2013-2014 INTERNATIONAL VISITATION TO LOS ANGELES				
ORIGIN MARKET	2013	2014	+/- VISITORS	YOY % CHANGE
CHINA	570,000	686,000	116,000	20.4%
AUSTRALIA	393,000	401,000	8,000	2.0%
UK	319,000	328,000	9,000	2.8%
JAPAN	291,000	310,000	19,000	6.5%
FRANCE	264,000	281,000	17,000	6.4%
SOUTH KOREA	236,000	254,000	18,000	7.6%
GERMANY	230,000	234,000	4,000	1.7%
BRAZIL	121,000	128,000	7,000	5.8%
<b>TOTAL OVERSEAS</b>	<b>3,763,000</b>	<b>4,049,000</b>	<b>286,000</b>	<b>7.6%</b>
MEXICO	1,701,000	1,732,000	31,000	1.8%
CANADA	708,000	739,000	31,000	4.4%
<b>TOTAL INTERNATIONAL</b>	<b>6,172,000</b>	<b>6,520,000</b>	<b>348,000</b>	<b>5.6%</b>

The 6.5 million international visitors to LA in calendar year 2014 spent \$6.4 billion during their stay. Although international visitors account for about 15 percent of total visitation to LA, they brought in one-third of total visitation's direct spend. Total international visitation to LA increased by 5.6 percent in 2014, mainly due to growth from China, South Korea, Japan, and France.

The increased numbers in international travel during 2014 was also evident at the airport: Los Angeles International Airport (LAX) was the second busiest airport in the U.S., and the fifth busiest in the world, with nearly 70.7 million passengers, a 6.0 percent increase over the previous year. With many new routes added in 2015 and more to come in 2016, LAX can anticipate even more growth in the near future.

2014 LOS ANGELES INTERNATIONAL VISITOR SPENDING SUMMARY



Reported by the U.S. Department of Commerce, NTTO; Tourism Economics; LATCB

LOS ANGELES INTERNATIONAL AIRPORT 2014 STATS			
	DOMESTIC	INTERNATIONAL	TOTAL
PASSENGER TRAFFIC (MILLIONS)	51.6	19.1	70.7
NUMBER OF CITIES SERVICED	84	68	152
NUMBER OF AIRLINES (BY FLAG)	15	44	59
INBOUND NONSTOP FLIGHTS (AVG/DAY)	655	146	801
INBOUND SEATS (AVG/DAY)	86,201	33,966	120,167

# TRANSIT-ORIENTED TOURISM

Even while records are being broken year after year, LA is still striving to improve and expand its existing transit assets. LAX is currently undertaking its \$8.5 billion project to overhaul the airport, with a target completion date of December 2017.

The LAX experience has already been significantly enhanced, as the new Tom Bradley International Terminal acts as a destination in itself by offering luxury retail and trendy restaurants to guests. Additional construction on gates, increased ticketing technology, improved security programs, and renovated terminals are just a few elements currently underway. The proposed automated people mover, the LAX Train (right), will provide a fast and convenient connection between the airport and the upcoming Metro rail extension, currently estimated to open by 2023.



Source: LAWA

Metro is also making considerable efforts to improve and expand their rail lines across LA with the largest transit expansion project currently underway in the United States.

The Metro Gold Line Extension opened in March 2016, expanding Metro rail from 87 miles to 98.5 miles. Six new stations provide significant access to key destinations in the San Gabriel Valley, including Duarte, Monrovia, Irwindale, and Azusa.

Of the four lines under construction, one more is scheduled to open in spring of 2016: the Expo Line to Santa Monica. Along with the Purple Line extension to Westwood, the Regional Connector, and the Crenshaw/LAX project, these components will increase the livability of LA and improve the visitor experience.

Considering that LA is composed of many vibrant and unique urban centers spread across a sprawling geographical area, the expanded Metro system provides infrastructure that will enable the cultivation of a stronger culture of transit-oriented tourism. Visitors can already take the Metro from Universal Studios Hollywood to Downtown LA, but soon they will be able to reach Beverly Hills, Westwood, Santa Monica, and El Segundo. The possibilities for exploring LA car-free will be endless.



Source: Metro

# ENTERTAINMENT VENUES



Above: Rendering of the Los Angeles Football Club stadium as viewed from the air

Upcoming entertainment venues in LA will drive increased visitation in the near future.

The newest Major League Soccer Team, the Los Angeles Football Club, will make its debut in the 2018 MLS season. A new \$250 million stadium will be constructed at the site of the former Los Angeles Sports Arena to house the franchise. The stadium will have the latest state-of-the-art technologies, incorporating core elements and best practices from soccer stadiums around the world.

Not only will it serve as a world-class destination for local and visiting sports enthusiasts, it will also give a much-needed economic boost to the surrounding communities. It will have a 22,000-seat-capacity, 130,000 square feet of public plazas and streetscape, 82,000 square feet of new retail,

restaurant, and museum space, and 25,000 square feet of office/lab space and conference facilities.

At the Port of LA, the Ports O' Call Village is planning an ambitious, \$100 million revitalization that will help transform the underutilized waterfront space into a world-class destination. The new development, called the San Pedro Public Market, will include dining, retail, open space, fresh markets, office space, and a waterfront promenade.

This private investment by the Ratkovich Company is just one piece of a broader plan to reenergize the LA Waterfront. In addition to the several public access projects that the Port of LA has already invested in, future plans include an open-air event space with year-round event programming. Construction on the San Pedro Public Market will begin in 2017, with completion estimated for 2020.



Above: Rendering of the reimagined waterfront space at the Port of LA, the San Pedro Public Market.



# UNIVERSAL STUDIOS HOLLYWOOD



Above: The illuminated Hogwarts™ castle at “The Wizarding World of Harry Potter™” set to open on April 7, 2016 at Universal Studios Hollywood<sup>SM</sup>

While celebrating its 50-year milestone anniversary, Universal Studios Hollywood<sup>SM</sup> continued to reinforce its position as the Entertainment Capital of LA with very notable openings within the past year.

In May, the new *Simpsons*-themed “Springfield” opened, giving visitors the chance to step into the world of the beloved, long-running TV franchise. Universal Studios Hollywood<sup>SM</sup> also celebrated the grand opening of the much-anticipated thrill ride, “Fast & Furious - Supercharged,” based on the Fast & Furious movie franchise.



Above: The all-new “Fast & Furious—Supercharged” thrill ride races onto the scene at Universal Studios Hollywood<sup>SM</sup> as the grand finale to the theme park’s world-famous Studio Tour

Perhaps even more significant is the recent opening of “The Wizarding World of Harry Potter™.” More than five years in the making, it is inspired by J.K. Rowling’s compelling stories and characters that were brought to life in the Warner Bros. films.

Visitors are swept into a fully immersive themed land that brings the Harry Potter fiction and films to life with impeccable detail and precision, from Hogwarts™ castle to the new ride, “Harry Potter and the Forbidden Journey™.” As Harry Potter fans and visitors from around the world are anticipated to visit, this new addition will positively impact tourism and the Southern California economy for years to come.

## Accessibility

Conveniently located on the Metro Red Line, the park is also readily accessible by mass transit from the San Fernando Valley, Hollywood, and even Downtown Los Angeles. The future is bright for Universal Studios Hollywood<sup>SM</sup> as the destination continues to build upon its extraordinary success and expand its vision for the future to entertain a world bewitched by the magic of Hollywood.

# CULTURAL TOURISM



Photo by Benny Chan, courtesy of The Broad

Downtown Los Angeles recently celebrated the opening of the Broad, a new contemporary art museum housing nearly 2,000 works of art from the extensive collection of Eli and Edythe Broad. During the first six months of operation, **more than 400,000 people** visited.

The building, designed by Diller Scofidio + Refro, is quickly establishing itself as an architectural landmark, sharing an already noteworthy stretch of Grand Avenue with the Walt Disney Concert Hall, the Music Center, the Museum of Contemporary Art, and the Colburn School.

Keeping with the Broads' vision to enable as many people as possible to have access to the arts, general admission for the museum is free. Expansive gallery spaces occupy the top and bottom floors, and visitors are offered glimpses into the storage area on the second level. The museum will also present public programming, including films, talks,

performances, music, and more. Accompanying street level improvements include a 24,000-square-foot public plaza, landscaped with a grove of olive trees and improved pedestrian walkways surrounding the building.



Mayor Eric Garcetti in Yayoi Kusama's *Infinity Mirrored Room* installation at The Broad

**“LOS ANGELES HAS BECOME ONE OF FOUR MAJOR CULTURAL CAPITALS IN THE WORLD, TOGETHER WITH NEW YORK, LONDON, AND PARIS, AND I THINK LOS ANGELES HAS REALLY BECOME THE CONTEMPORARY ART CAPITAL OF THE WORLD.” - ELI BROAD, FOUNDER OF THE BROAD MUSEUM**



Photo courtesy of Zahner

On the Miracle Mile, the Petersen Automotive Museum has completed its 14-month, \$90 million overhaul, and reopened to the public in December 2015. The exterior facade is a bold and dynamic series of metallic ribbons mimicking automotive movement over the vibrantly red building, an eye-catching statement that will become an iconic fixture of the Mid-Wilshire neighborhood. The New Petersen seamlessly blends cutting-edge interactive technology with rare and historically significant vehicles in almost 200,000 square feet of exhibit space, while focusing on the art of the automobile, and also documenting Southern California's cultural milestones.

The Academy of Motion Picture Arts and Sciences is also making tangible progress on the upcoming Academy Museum. The existing landmark, the historic May Company building on the Miracle Mile, has been undergoing necessary

preparations while the permitting process was being completed. Demolition of old structures and new construction of the 1,000-seat-theatre are to begin soon. Once open in 2018, the Academy Museum will be the world's leading movie museum. Appropriately situated in the movie-making capital of the world, it will preserve, present, and celebrate this art form via state-of-the-art galleries, exhibition spaces, movie theaters, educational displays, and special events.

With the completion of these stellar institutions, LA continues to position itself as an internationally prominent cultural destination. Visitors may come for the sandy beaches and stellar weather, but many are encouraged to extend their stay to take advantage of the arts, science, history, and culture that this great city has to offer.



Above: Museum Rendering - ©Renzo Piano Building Workshop/© Studio Pali Fekete architects/©A.M.P.A.S.

# FINANCIALS

## FY 2014-15 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

PERIOD ENDED JUNE 30, 2015  
PRELIMINARY UNAUDITED

### OPERATING REVENUE

Exhibit Hall and Meeting Room Rentals	11,872,666
Utility Services	5,837,412
Parking Fees	9,316,931
Food Concession	12,845,043
Miscellaneous	1,829,885
Staples Incremental Parking Revenue	(1,000,000)
<b>Gross Operating Revenue</b>	<b>40,701,937</b>

### LESS: DEDUCTIONS FROM OPERATING INCOME

L.A. Tourism & Convention Bureau Discounts	4,543,649
<b>Total Operating Revenue</b>	<b>36,158,288</b>

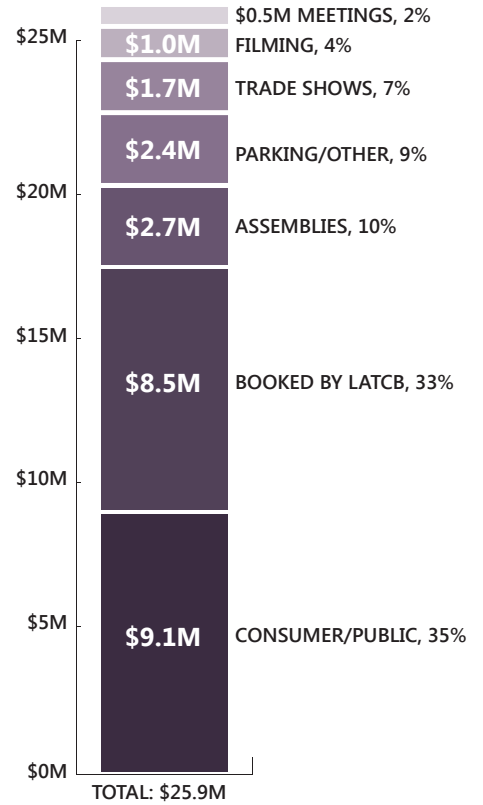
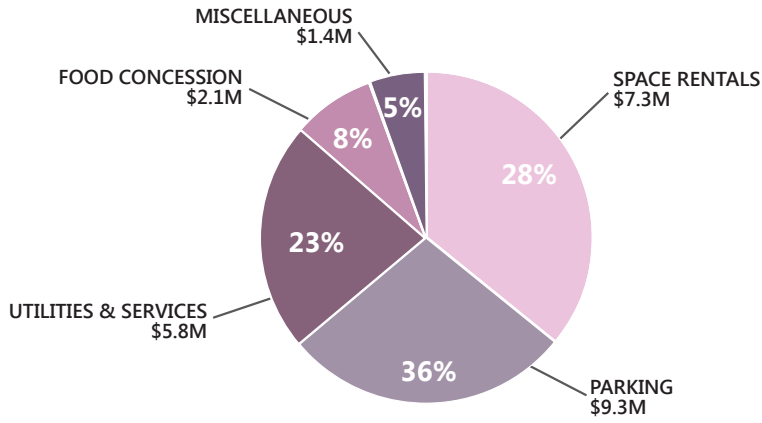
### OPERATING EXPENSES

Salaries	11,313,300
Utilities	4,739,885
Contractual Services	15,176,363
Repairs, Materials, and Supplies	827,987
Office and Administration	171,480
Advertising and Other Promotion	196,033
Miscellaneous	(375,636)
<b>Total Operating Expenses Before Depreciation</b>	<b>32,049,412</b>
<b>Depreciation</b>	<b>11,820,806</b>
<b>Total Operating Expenses</b>	<b>43,870,218</b>
<b>Operating Income (Loss)</b>	<b>(7,711,930)</b>
<b>Non Operating Revenues (Expenses)</b>	<b>45,709</b>
<b>Other Sources and Uses / Transfers Out</b>	<b>5,000,000</b>
<b>Change in Net Assets</b>	<b>(2,666,221)</b>
<b>Net Assets, Beginning 7/01/2014</b>	<b>475,081,879</b>
<b>Net Assets, Ending 6/30/2015</b>	<b>472,415,658</b>

# FY 2014-15 TOTAL OPERATING REVENUES\*

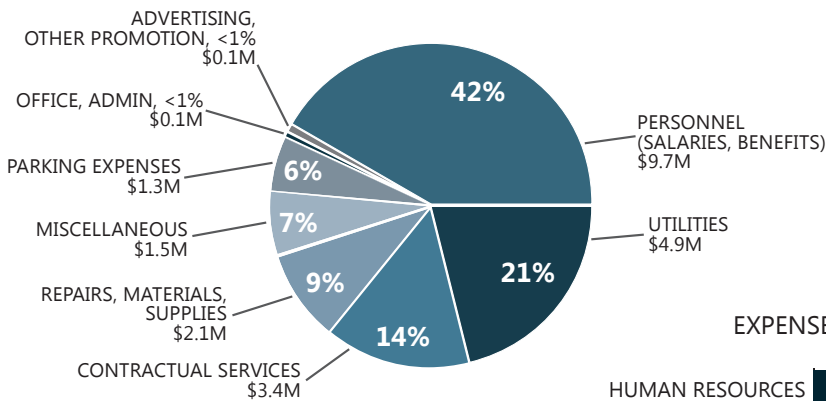
## \$25,921,524

### REVENUE BREAKDOWN BY EVENT TYPE

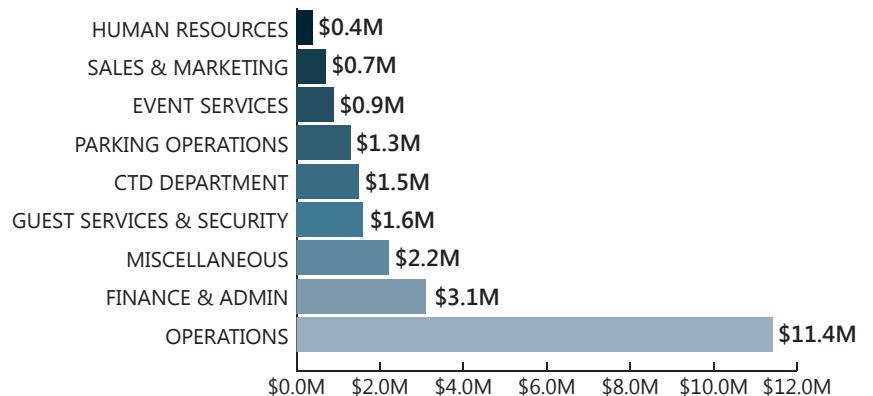


# FY 2014-15 TOTAL OPERATING EXPENSES\*

## \$23,137,482

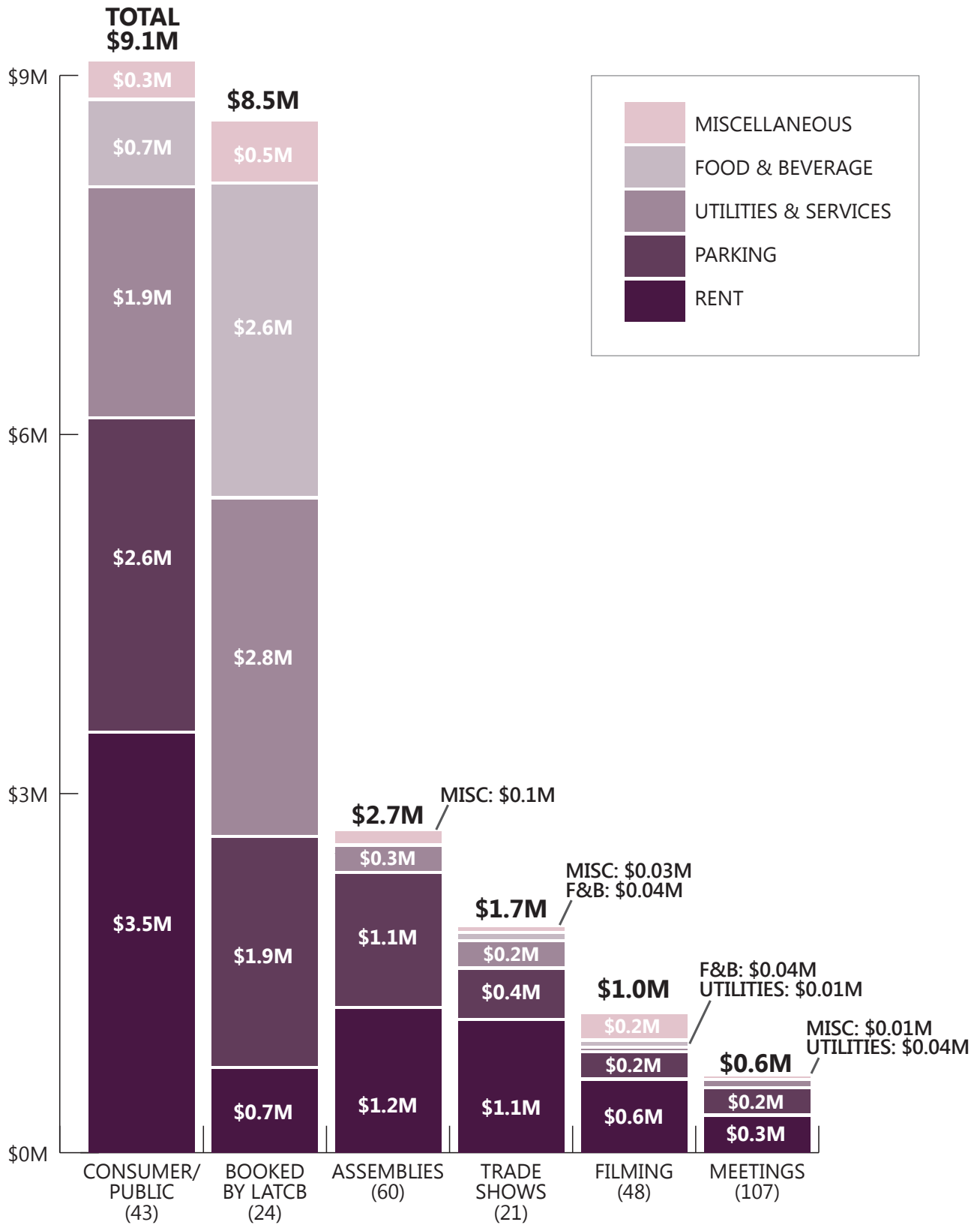


### EXPENSE BREAKDOWN BY OPERATING DIVISION



\*Source: AEG Facilities June 2015 Audited Monthly Report; revenue numbers represent net figures

# FY 2014-15 SOURCES OF REVENUE BY EVENT TYPE\*



\*Source: AEG Facilities June 2015 Audited Monthly Report; revenue numbers represent net figures; does not include revenues associated with non-LACC events



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Eric Garcetti



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**CONVENTION &  
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