



BOARD OF LOS ANGELES DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

Commissioners: Jon F. Vein, President; Otto Padron, Vice President;
Bricia Lopez; Noel Hyun Minor; David Stone

Members of the public who wish to speak during the meeting must submit a "Request to Speak" form to the Board Secretary prior to the commencement of the public comments for each agenda item of interest. Comments by the public on matters not identified on the agenda, but within the subject matter jurisdiction of the Commission, will be heard only during the item designated as "Public Comment." Public speaking will be limited to two minutes per speaker, unless the presiding officer grants some other amount of time before the commencement of the public comment.

Regular Meeting
Wednesday, October 16, 2019
9:00 a.m.
Los Angeles Convention Center
1201 S. Figueroa Street, L.A., CA 90015
Executive Board Room

1. CALL TO ORDER / ROLL CALL

2. COMMENTS FROM THE PUBLIC

- a) General Public Comments
- b) Neighborhood Council representatives on any Neighborhood Council Resolution or Community Impact Statement filed with the City Clerk which relate to any agenda item listed or being considered on this agenda for Board of Los Angeles Department of Convention and Tourism Development Commissioners

3. APPROVE MINUTES:

- a) Approval of the regular meeting minutes from September 4, 2019

4. PRESENTATION:

- a) Mobile World Congress

5. REPORTS:

- a) Executive Director Report
- b) AEG Monthly Update – Aug
- c) LATCB Monthly Update – Aug

6. DISCUSSION:

- a) AEG Management Agreement Extension

7. ACTION ITEMS:

- a) AEG Discretionary Incentive Fund Goals – Board Report# 19-003
- b) AEG Discretionary Incentive Fund Approval – Board Report# 19-002

8. ADJOURNMENT

Materials related to an item on this agenda submitted to the Board of Los Angeles Convention and Tourism development after distribution of the agenda packet are available for public inspection in the Executive Office of the Los Angeles Convention Center, 1201 S. Figueroa Street, Los Angeles, CA 90015, during normal business hours.

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

**BOARD OF LOS ANGELES CONVENTION
AND TOURISM DEVELOPMENT COMMISSION**

Regular Meeting Minutes
September 4, 2019

The Board of Los Angeles Convention and Tourism Development Commission (Board) convened a regular meeting on Wednesday, September 4, 2019 at 9:00 a.m. at the Los Angeles Convention Center (LACC), located at 1201 S. Figueroa Street, Los Angeles, CA 90015, in the Executive Board Room.

PRESENT:

President, Jon F. Vein
Vice President, Otto Padron
Commissioner Noel Hyun Minor (*arrived at 9:13 am)
Commissioner David Stone

ABSENT:

Commissioner Bricia Lopez

PRESENTERS:

Ellen Schwartz, AEG
Ben Zarhoud, AEG
Doane Liu, CTD
Darren Green, LATCB
Wendy Kheel, LATCB

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:02 a.m.

Item 2a. Public Comment

None

Item 2b. Neighborhood Council

None

Item 3. Approval of the regular meeting minutes from August 7, 2019

UNANIMOUSLY APPROVED

Item 4a. Executive Director Report

Mr. Doane Liu provided an overview of his activities since the last Board meeting, which included: meetings with Mayor's Cabinet, Deputy Mayor Chun, LATCB and AEG with President Vein, Global LA Steering Committee, Tourism Master Plan Steering Committee; attending the LATCB Market Outlook Forum; and meetings with MLB to discuss All Star Week and Play Ball Park.

Item 4b. AEG Monthly Update – July

Ms. Ellen Schwartz reported that LACC had hosted nine events, three of which were citywide events, resulting in over 463,850 attendees, noting SIGGRAPH had record breaking attendance. In addition, LACC hosted one filming. Mr. Ben Zarhoud, presented the financial data for July, reporting \$6.14M in gross revenue, 59% of which was generated by parking and F&B, and \$1.3M in operating expenses, \$1M of which was salaries and \$253,000 was utilities which was above prior year and driving expenses up. Mr. Zarhoud reported a 75% occupancy rate, which is consistent with prior years. Mr. Zarhoud also reported \$83M in economic impact, \$80.9M from citywide events, \$54M was from Anime and \$2.3M from short term business. Mr. Zarhoud also presented year-end financial data: \$8.3M in operating surplus; \$32.6M in revenue, down from prior year; \$24.3M in operating expenses, above prior year due to increased utility costs; \$683M in economic impact, down from prior years; 63% occupancy, down from prior years; and the addition of \$1M to the reserve which is now \$9.1M.

Item 4c. LATCB Monthly Update – July

Mr. Darren Green reported that LATCB processed 30 leads YTD, resulting in 86,166 room nights, with a year-end goals of 220 leads and projected 390,000 room nights, noting 64,273 room nights were recently booked for future years. Mr. Green noted that while only 23 events are booked for 2020, this resulted in over 300,000 room nights which is the best year in past and future years. Mr. Green reported on recent bookings. Mr. Green introduced Evelyn Taylor Carrion, Citywide Communications Director. Mr. Green provided a highlight video of the 2019 Market Outlook Forum. Ms. Wendy Kheel presented information on hotel softness in Los Angeles, reporting that a decline in hotel occupancy and attraction attendance with an increase in supply of inventory is resulting in hotels and home sharing companies lowering rates, reducing transit occupancy tax paid to the City. Ms. Kheel reported that fewer and smaller citywide events, a reduction in inbound international and business flights and a higher dollar value are driving the decline. Ms. Kheel reported that the strength of domestic leisure travel is the only bright spot.

Item 5. Discussion

None

Item 6. Action Items

None

ADJOURNMENT

The meeting was adjourned at 10:01 a.m.

LOS ANGELES CONVENTION CENTER MONTHLY UPDATE

AUGUST 2019

ELLEN SCHWARTZ



LACC AUGUST 2019 EVENTS



*CITYWIDE

AUGUST 2019 EVENTS



KCON



BEAUTYCON

LACC AUGUST 2019 FILMING & PHOTO EVENTS

<u>DATE</u>	<u>Name</u>	<u>Location</u>	<u>Amount</u>
AUG 3	Genesis	Kentia Hall	\$9,720
AUG 7-8	Sylvania	Kentia / South	\$6,080
AUG 12 - 15	Westworld	Garage / Kentia	\$54,110
Aug 15	Sunnyside	Bond / South	\$5,500
Aug 15, 16, 19	Perry Mason	Venice Garage	\$7,950
Aug 21	Sunnyside	Bond / South	\$10,100
Aug 27 - 30	Good Trouble	Bond / Venice	\$10,500

TOTAL FILMING: \$103,960

(August 2018 - \$12,375)

LACC August 2019 FINANCIALS

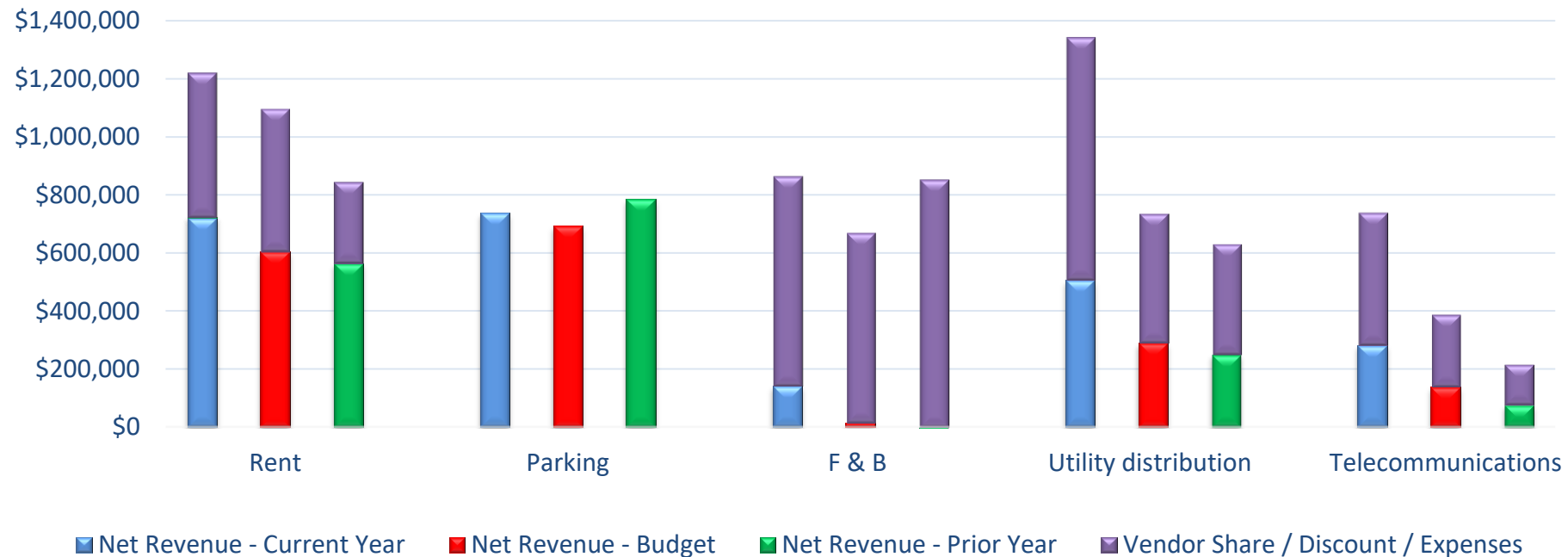
OPERATING SURPLUS (LOSS):

- \$0.65 million (before approved City Reimbursements, A & I and Capital Projects)
- \$974K above budget
- \$1.05 million above prior year

REVENUES:

- \$5.65 million gross revenue (before discounts and service provider share)
- \$2.71 million net revenue
- \$749K above budget and \$1.02 million above prior year

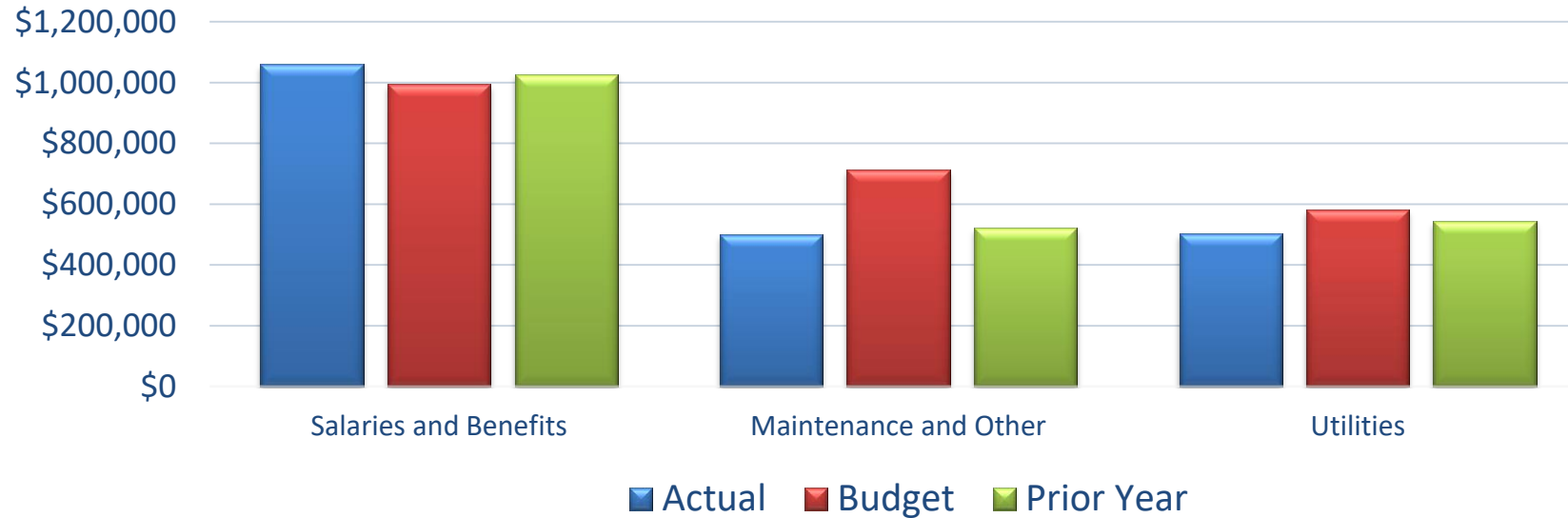
LACC Revenues



LACC August 2019 FINANCIALS

OPERATING EXPENSES:

- \$2.06 million (before approved A & I, Capital Projects, and City reimbursement)
- \$226K below budget and \$27K below prior year

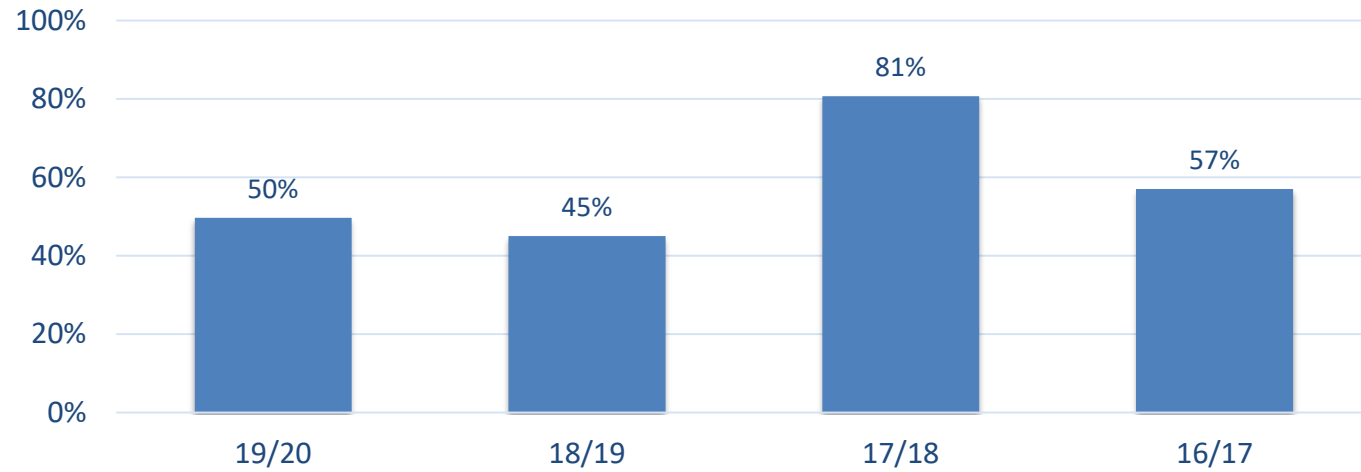


CITY REIMBURSEMENT - \$0.3M (excluding Utility User Tax)

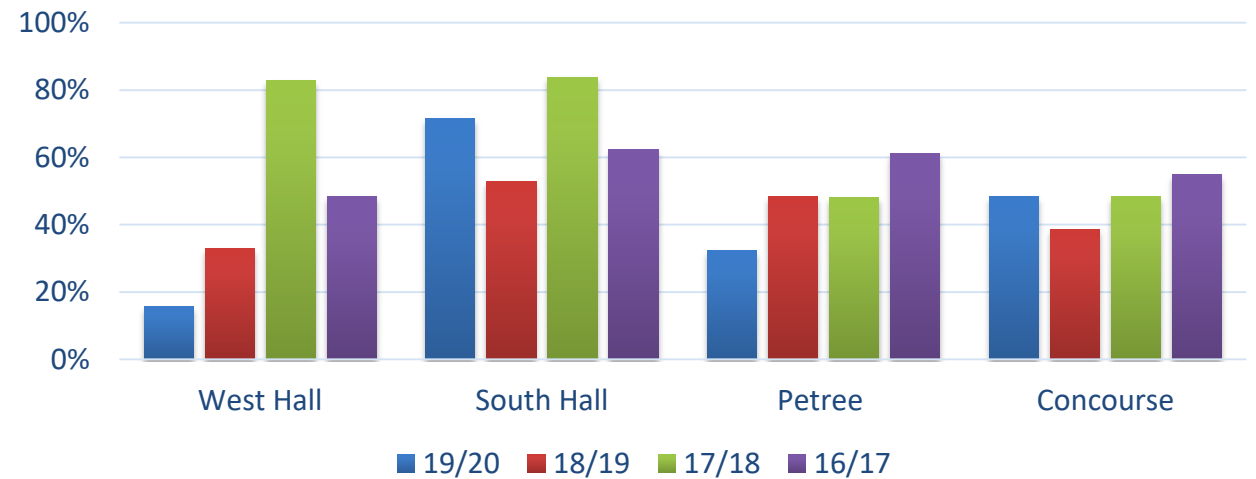
Capital and Alterations & Improvements

LACC August 2019 OCCUPANCY

Exhibit Hall Occupancy

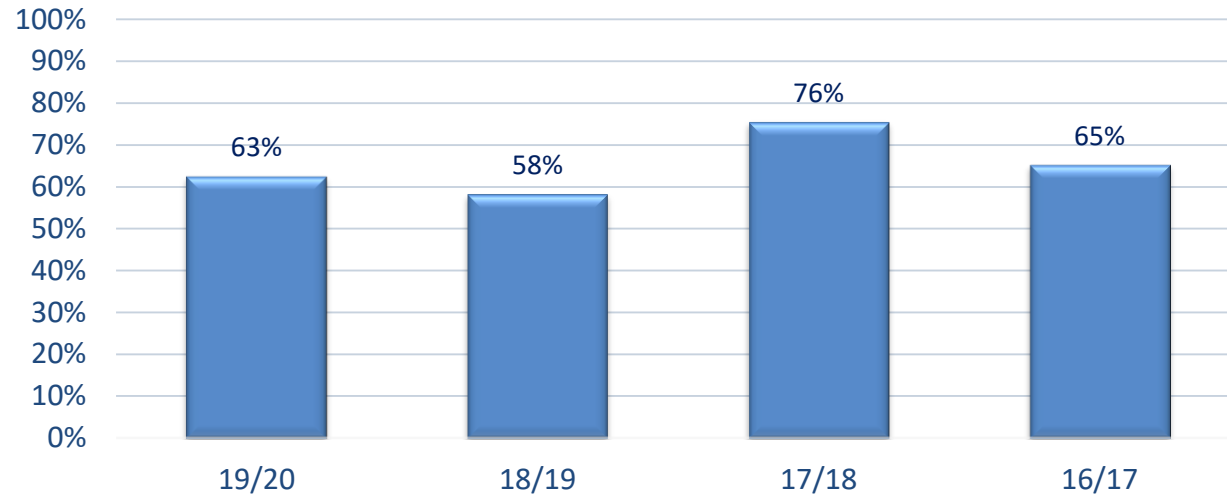


Occupancy by Exhibit Hall

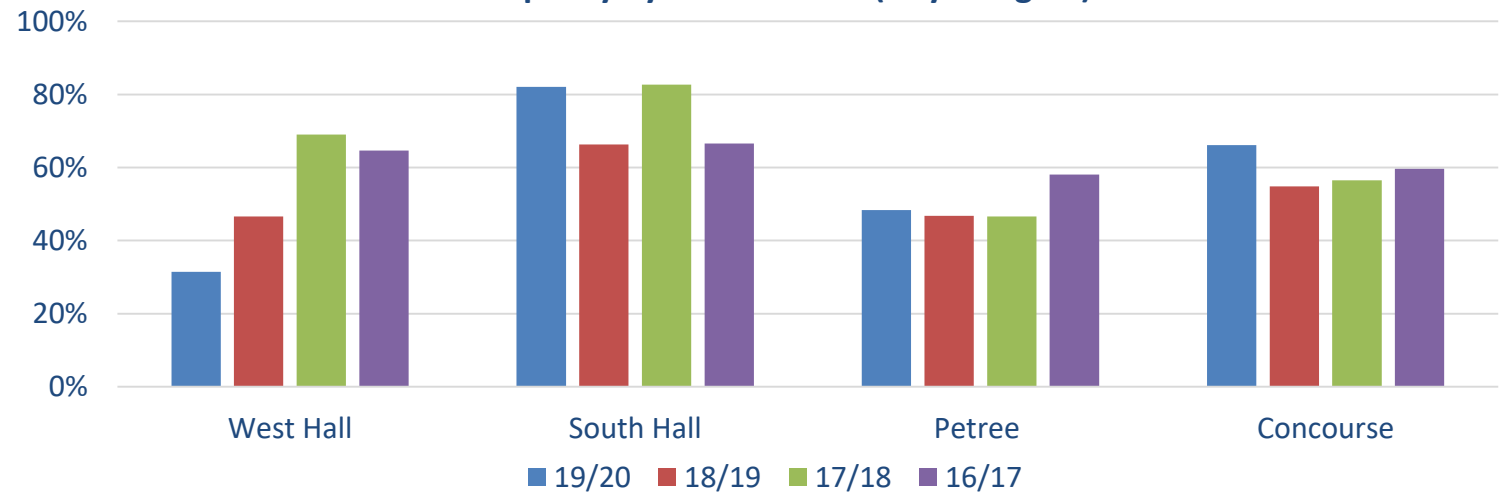


LACC YTD 2019/2020 OCCUPANCY

Exhibit Hall Occupancy - (July-August)

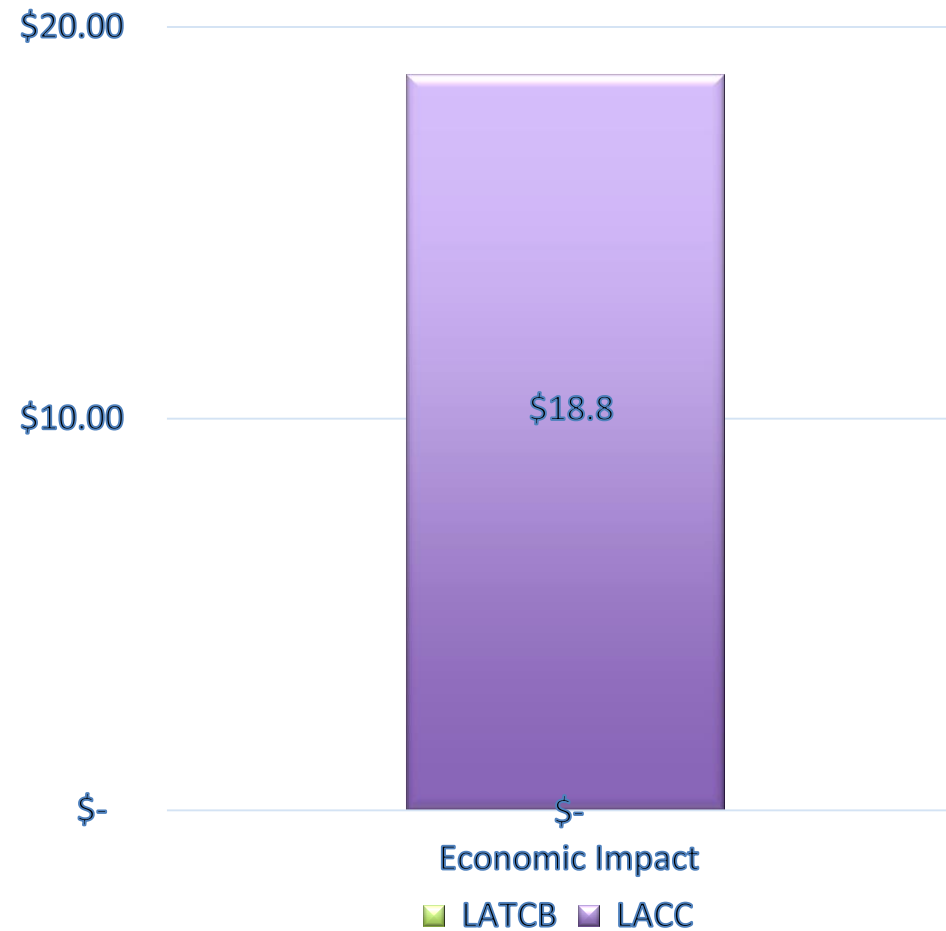


Occupancy by Exhibit Hall - (July - August)



LACC August 2019 ECONOMIC IMPACT

\$18.8 million in Projected Economic Impact



The background of the entire slide is a photograph of a beach at sunset. The sky is a gradient of orange and yellow, with the sun low on the horizon. Several tall palm trees are silhouetted against the sky, their fronds clearly visible. The beach and ocean are visible in the lower portion of the image.

CTD BOARD OF COMMISSIONERS MEETING

October 16, 2019

Los Angeles

Los Angeles Tourism & Convention Board

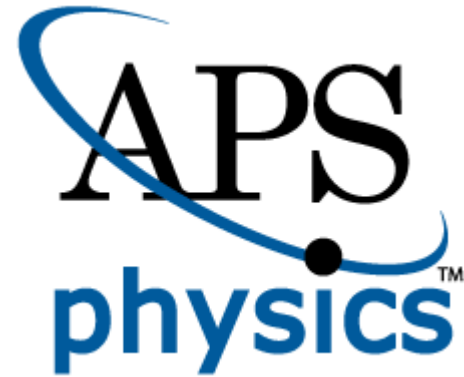
CITYWIDE CONVENTION SALES YTD FY19/20 PRODUCTION RESULTS

Lead Production	Leads Actual
FY 19/20 Goal	220
FY 19/20 YTD	47
FY 18/19 STLY	59

Booked Room Nights Produced	RNs Actual
FY 19/20 Goal	390,000
FY 19/20 YTD	95,190
FY 18/19 STLY	59,166

Dated October 9, 2019

RECENT BOOKING- 9,024 TRNs



American Physical Society
APS 2025 March Meeting
March 3-6, 2025
9,024 Room Nights

RECENT CANCELLATIONS-27,858 TRNs

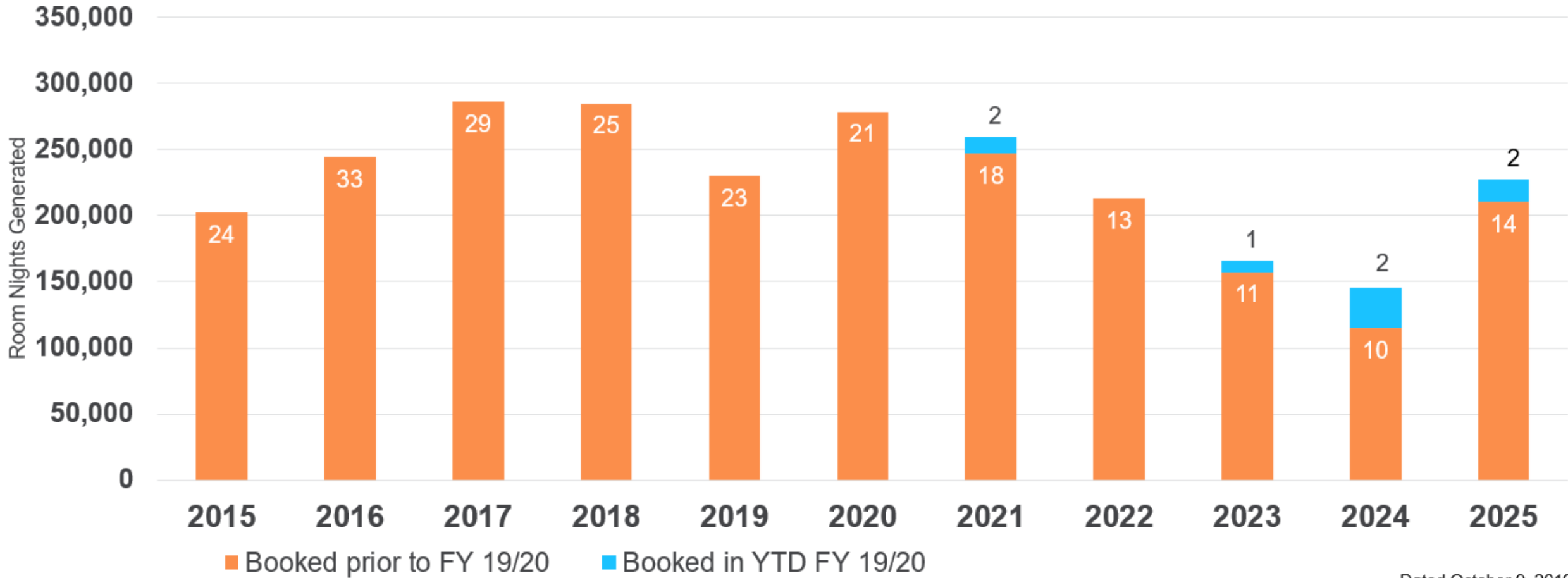


WeWork
Annual Employee Summit
January 13-15, 2020
22,275 Room Nights



American Honda Motor Co., Inc.
Honda Dealer Meeting
October 7-9, 2020
5,583 Room Nights

CITYWIDE CONVENTION BOOKED ROOM NIGHTS 2015-2025 CALENDAR YEAR ARRIVAL DATE



Dated October 9, 2019

RECENT SITES



International Association of Venue Managers
VenueConnect 2026
August 3-6, 2026
4,897 Room Nights



**American College of
Foot and Ankle Surgeons®**

Proven leaders. Lifelong learners. Changing lives.

American College of Foot and Ankle Surgeons
2023 Annual Meeting & Exhibition
February 8-11, 2023
6,575 Room Nights



National Association of Letter Carriers - NALC
2026 NALC 75th Biennial Convention
August 3-7, 2026
18,880 Room Nights



Microsoft Corporation
START 2022
March 21-25, 2022
6,630 Room Nights

L.A. COUNTY NEW SUPPLY OCT 2019 – DEC 2019

HOTEL	PROJECTED OPENING	# ROOMS	STR SUBMARKET
Hotel Mariposa	Oct-19	94	The Valley
Hoxton Hotel Los Angeles	Oct-19	164	Downtown L.A.
aloft Hotel Glendale	Nov-19	90	Pasadena/Glendale/Burbank
The Downtown L.A. Proper	Nov-19	148	Downtown L.A.
Hilton Garden Inn Calabasas	Dec-19	51	L.A. North



JULY-DEC 2019 CITYWIDE CONVENTIONS

2018 Citywides			2019 Citywides			2019/2018
Date	Convention	CBRE Audited Room Nights	Date	Convention	CBRE Audited/ Contracted Rooms	
July			July			July
07/05/2018 - 07/08/2018	Anime Expo	19,340	07/04/2019 - 07/07/2019	Anime Expo	19,258	-82
07/14/2018 - 07/17/2018	American School Counselor Association	6,203	07/14/2019 - 07/18/2019	2019 International Conference on Alzheimers Dis	10,286	4,083
07/30/2018 - 08/02/2018	National Conference of State Legislatures Legislative Sum	10,822	07/28/2019 - 08/02/2019	2019 Annual ACM-SIGGRAPH Conference	20,055	9,233
September			September			September
09/09/2018 - 09/12/2018	No Convention	0	09/09/2019 - 09/12/2019	APEX/IFSA and AIX 2019 EXPO	4,184	4,184
09/12/2018 - 09/14/2018	GSMA Mobile World Congress Americas	17,128	09/14/2019 - 09/18/2019	ICSC 2019 Western Dealmaking Conference	1,591	-15,537
09/26/2018 - 09/29/2018	North American Spine Society Annual Meeting	11,044	09/25/2019 - 09/28/2019	California Realtor Expo 2019	3,832	-7,212
October			October			October
10/03/2018 - 10/08/2018	Project Management Institue Annual Global Congress	5,588	10/03/2019 - 10/08/2019	No Convention	0	-5,588
10/09/2018 - 10/10/2018	International Council of Shopping Centers	1,524	10/09/2019 - 10/10/2019	No Convention	0	-1,524
10/15/2018 - 10/17/2018	Adobe MAX	22,200	10/15/2019 - 10/17/2019	No Convention	0	-22,200
10/22/2018 - 10/24/2018	No Convention	0	10/22/2019 - 10/24/2019	GSMA MWC Los Angeles 2019	19,568	19,568
November			November			November
11/04/2018 - 11/06/2018	No Convention	0	11/04/2019 - 11/06/2019	Adobe MAX	21,498	21,498
11/07/2018 - 11/10/2018	National Leauge of Cities 2018 City Summit	7,684	11/07/2019 - 11/10/2019	No Convention	0	-7,684
December			December			December
12/10/2018 - 12/12/2018	No Convention	0	12/10/2019 - 12/12/2019	2019 National Brownfields Training Conference	5,030	5,030
Total June - December 2018		101,533	Total July - December 2019		105,302	3,769

FUTURE BOOKINGS

JAN-JUN 2020 CITYWIDE CONVENTIONS

Jan-Jun 2019 Citywides				Jan-Jun 2020 Citywides				2020/19
Arrival Date	Departure Date	Convention	CBRE Audited Room Nights	Arrival Date	Departure Date	Convention	Sales Contracted Rooms	
January				January				January
1/15/2019	1/20/2019	CAbi Spring Scoop 2019	4,315	1/13/2020	1/15/2020	No Convention	0	-4,315
February				February				February
2/14/2019	2/17/2019	AASA 2019 Annual Convention	6,586	2/14/2020	2/22/2020	International Stroke Conference-2020	13,580	6,994
02/29/2019	3/5/2019	No Convention	0	2/29/2020	3/5/2020	2020 USCAP Annual Meeting	10,755	10,755
March				March				March
3/6/2019	3/13/2019	2019 NASPA Annual Conference	16,277	3/6/2020	3/7/2020	LA Marathon-2020	1,258	-15,019
3/14/2019	3/17/2019	Tony Robbins UPW LAX 2019	3,910	3/14/2020	3/16/2020	Empower20 - ASCD Annual Conference & Exhibit Show 2020	19,020	15,110
3/22/2019	3/23/2019	LA Marathon-2019	1,293	3/22/2020	3/23/2020	No Convention	0	-1,293
3/24/2019	3/27/2019	No Convention	0	3/24/2020	3/27/2020	Herbalife 2020-Summit	8,365	8,365
3/31/2019	4/3/2019	AACRAO 2019 Annual Meeting	4,646	3/31/2020	4/3/200	No Convention	0	-4,646
April				April				April
4/8/2019	4/11/2019	ISRI 2019 Annual Convention and Exposition	6,705	4/8/2020	4/11/2020	No Convention	0	-6,705
4/15/2019	4/17/2019	Shell Oil National Wholesale Conference	4,232	4/15/2020	4/17/2020	No Convention	0	-4,232
4/20/2019	4/25/2019	No Convention	0	4/20/2020	4/25/2020	ACP Internal Medicine 2020	19,362	19,362
4/24/2019	4/28/2019	2019 Annual Scientific & Clinical Congress	5,145	4/24/2020	4/28/2020	No Convention	0	-5,145
May				May				May
5/3/2019	5/7/2019	American Association of Clinical Endocrinologists 2019 Annual Session	18,043	5/3/2020	5/7/2020	No Convention	0	-18,043
5/14/2019	5/16/2019	No Convention	0	5/14/2020	5/16/2020	2020 AIA Conference on Architecture	21,662	21,662
5/18/2019	5/22/2019	American Association of Orthodontists 2019 Annual Conference	15,586	5/18/2020	5/22/2020	2020 NeighborWorks Training Institute (NTI)	9,070	-6,516
5/26/2019	5/29/2019	No Convention	0	5/26/2020	5/29/2020	CSxFE 2020	3,819	3,819
June				June				June
6/11/2019	6/13/2019	E3 2019	29,170	6/9/2020	6/11/2020	E3 2020	27,609	-1,561
6/20/2019	6/23/2019	BET Experience & Awards 2019	4,608	6/20/2020	6/26/2020	2020 International Microwave Symposium	3,463	-1,145
6/26/2019	6/29/2019	International Society for Stem Cell Research 2019 Annual Meeting	4,559	6/25/2020	6/28/2020	2020 BET Experience & 20th Annual BET Awards Show	3,870	-689
6/30/2019	7/5/2019	No Convention	0	6/30/2020	7/5/2020	2020 Barbershop Harmony Society International Convention	6,403	6,403
January - June 2019			125,075	January - June 2020			148,236	23,161

JUL-DEC 2020 CITYWIDE CONVENTIONS

July - December 2019 Citywides				July - December 2020 Citywides					
Arrival Date	Departure Date	Convention	CBRE Audited Room Nights	Arrival Date	Departure Date	Convention	Sales Contracted Rooms	2020/19	
July				July					July
7/4/2019	7/7/2019	Anime Expo-2019	19,258	7/3/2020	7/6/2020	Anime Expo-2020	17,833	-1,425	
7/9/2019	7/14/2019	No Convention	0	7/9/2020	7/14/2020	MLB 2020 All-Star Week	14,746	14,746	
7/14/2019	7/18/2019	2019 International Conference on Alzheimers Disease	10,286	7/14/2020	7/18/2020	No Convention	0	-10,286	
7/19/2019	7/22/2019	No Convention	0	7/19/2020	7/22/2020	2020 CUNA & WOCCU Joint Conference	10,182	10,182	
7/28/2019	8/2/2019	2019 Annual ACM-SIGGRAPH Conference	20,055	7/28/2020	8/2/2020	No Convention	0	-20,055	
August				August					August
8/9/2019	8/14/2019	No Convention	0	8/9/2020	8/14/2020	44th AFSCME International Convention - 2020	27,634	27,634	
8/17/2019	8/21/2019	No Convention	0	8/17/2020	8/21/2020	25th APWU Biennial National Convention - 2020	12,725	12,725	
September				September					September
9/9/2019	9/12/2019	APEX/IFSA and AIX 2019 EXPO	4,184	9/9/2020	9/12/2020	No Convention	0	-4,184	
9/14/2019	9/18/2019	ICSC 2019 Western Dealmaking Conference	1,591	9/14/2020	9/18/2020	No Convention	0	-1,591	
9/25/2019	9/28/2019	California Realtor Expo 2019	3,832	9/25/2020	9/28/2020	No Convention	0	-3,832	
October				October					October
10/5/2019	10/8/2019	No Convention	0	10/5/2020	10/8/2020	ITS World Congress 2020	6,025	6,025	
10/19/2019	10/21/2019	No Convention	0	10/19/2020	10/21/2020	Adobe MAX-2020	21,780	21,780	
10/22/2019	10/24/2019	MWC Los Angeles 2019	19,568	10/22/2020	10/24/2020	No Convention	0	-19,568	
10/28/2019	10/30/2019	No Convention	0	10/28/2020	10/30/2020	MWC Los Angeles 2020	19,649	19,649	
November				November					November
11/4/2019	11/6/2019	Adobe MAX-2019	21,281	11/4/2020	11/6/2020	No Convention	0	-21,281	
December				December					December
12/10/2019	12/13/2019	2019 National Brownfields Training Conference	5,030	12/10/2020	12/13/2020	No Convention	0	-5,030	
July - December 2019			105,085	July - December 2020			130,574	25,489	
Full Year 2019			230,377	Full Year 2020			278,810	48,433	

BLEISURE

4. BLURRING BUSINESS AND LEISURE

- Employees are taking control over their business travel including stepping outside of company travel policies
- Business trips two+ nights and far away from home are most likely to convert to bleisure
- 43% of L.A. business trips include bleisure adding 2.3 days to the trip
- Purpose of business portion
 - Conference/Convention 43%
 - Business Meeting 34%
- Typical Bleisure trip accommodations
 - Same hotel 84%
 - Different hotel 34%
 - With friends/family 32%
 - Home rental 16%



Source: Profile of the American Bleisure Traveler; Expedia MediaSolutions; Destination Analysts "L.A. Active Leisure Visitor Profile 2016-2017"; Expedia Group "Unpacking Bleisure Traveler Trends"

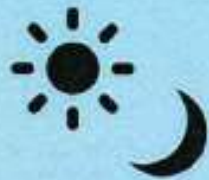
The "Bleisure" Visitor

Visitors who were in Los Angeles County for business but also extended their stay in the area for leisure.



Place of Stay

- Hotel – 62.3%
- Home sharing rental – 11.1%
- Private home of friend/relative – 19.7%



Days & Nights in Los Angeles

- Days – 5.2
- Nights – 5.0



First Time Visitor to Los Angeles

- Yes – 20.6%
- No – 79.4%



Top Activities Participated In

- Dining in restaurants – 90.6%
- Visit a beach – 66.3%
- Shopping – 55.4%
- Visit museums/art galleries – 42.3%



Top Motivating Factors for L.A. Trip

- Friends or family in the area – 37.9%
- Beaches – 33.1%
- Weather – 26.2%
- Restaurants, cuisine, food scene – 20.8%



Likelihood to Visit L.A. Again

- Very likely – 85.8%
- Somewhat likely – 9.3%



Key Demographics

Annual household income – \$117,429

Marital Status: Married – 61.3%
Single – 38.7%

Average age – 41.1



BLEISURE TASK FORCE

- **Chairs:**

- Kathy McAdams, VP Citywide Convention Sales
- Stephanie Nakasone

- **Committee Members:**

NAME	DEPARTMENT
Angie Garcia	Membership
Liane Haynes-Smith	Client Services/Sales
Shelley Leopold	Digital Marketing
Yuri De Castro Oliveira	Creative Marketing
Haley Stevens	Partnership Marketing

- **Objective(s):** Develop and pilot “Bleisure” offer(s) that meet the business needs of the hotel community with identified target audiences by 12/31/19.

BIDDING ON INDUSTRY EVENTS

INDUSTRY EVENTS



CONNECT 2022

4,000 Attendees

45% Planners / 55% Suppliers



ASAE 2025

5,500 Attendees

59% Planners / 41% Suppliers



HelmsBriscoe ABC

3,250 Attendees

51% HB Reps / 49% Supplier Partners

CITYWIDE UPDATES

CITYWIDE COMMUNICATIONS UPDATE

- Attended IMEX in September and met with several customers, including those that have confirmed Los Angeles based on the completed modernization of the Convention Center.
- Attended EMMYS fam breakfast and presented most up to date information to potential customers.
- Working with Los Angeles Tourism marketing team on customer communications plan i.e. website, newsletters, direct emails, etc.
- Developed Citywide Conventions at Risk Report.



CITYWIDE CONVENTIONS DURING CONSTRUCTION

- There are 44 convention groups "confirmed" during the **construction timeline of July 2020 - December 2022.**
- Communications consultant has reviewed each group with their respective sales director and determined the following:
 - 27% of the confirmed groups will be impacted the most during construction **(coded red)**
 - 55% of the confirmed groups will be impacted somewhat during the construction **(coded yellow)**
 - 18% of the confirmed groups will be impacted the least during the construction **(coded green)**
- Communications have already begun with the red coded groups, including site inspections, phone calls, face to face meetings

Confirmed= Booked (LOI'd or Licensed)



SAMPLE AT RISK REPORT

Faust
PENDING

July 2020 Anime - 17,833 TRN (Full Building User)

Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
30-Jun	1-Jul	2-Jul	3-Jul	4-Jul	5-Jul	6-Jul	7-Jul	8-Jul
93	255	1398	3402	4034	3984	3634	936	109

GREEN Project scheduled to begin post event, customer is aware of project

Blank
PENDING

July 2020 MLB - 14,746 TRN (Full Building User)

Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu
4-Jul	5-Jul	6-Jul	7-Jul	8-Jul	9-Jul	10-Jul	11-Jul	12-Jul	13-Jul	14-Jul	15-Jul	16-Jul
15	51	85	105	190	399	593	1142	1927	2800	3050	1716	112

GREEN Customer is aware of project and GLP schedule

Tarr
LICENSED

2020 CUNA & WOCCU Joint Conference-10,182 TRN (West Halls AB, CD, EF, 400 &500 series)

Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
14-Jul	15-Jul	16-Jul	17-Jul	18-Jul	19-Jul	20-Jul	21-Jul	22-Jul	23-Jul	24-Jul	25-Jul
9	42	130	404	1300	1758	1757	1675	1251	216	100	25

YELLOW Customer is aware of project but waiting on timelines and schedules

Glenn
LICENSED

44th AFSCME International Convention - 2020 27,634 TRN (South Halls GHJK, 300, 400, & 500 series)

Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
3-Aug	4-Aug	5-Aug	6-Aug	7-Aug	8-Aug	9-Aug	10-Aug	11-Aug	12-Aug	13-Aug	14-Aug	15-Aug
26	98	98	212	800	2986	3670	4016	4016	4016	4016	2010	405

RED Customer is unaware that their dates are in the project timeline, working with APWU and sharing resources



THANK YOU

Los Angeles

Los Angeles Tourism & Convention Board

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 16, 2019

To: Board of Los Angeles Department of Convention and Tourism
Development Commissioners

From: Doane Liu, Executive Director
Department of Convention and Tourism Development

Subject: **2019-20 DISCRETIONARY INCENTIVE FEE GOALS –
BOARD REPORT #19-003**

SUMMARY

As part of the Management Agreement between the City of Los Angeles (City) and the private operator of the Los Angeles Convention Center (AEG-LACC), the Board of the Los Angeles Department of Convention and Tourism Development (Board) shall annually set goals for the Discretionary Incentive Fee. The Discretionary Incentive Fee is one of three fees paid to AEG-LACC, including the Base Management Fee and the Earned Incentive Fee.

The summary for the Discretionary Incentive Fee goals (ATTACHMENT) outlines the 2019-20 Fiscal Year metrics mutually agreed upon by the Department of Convention and Tourism Development (CTD) and AEG-LACC, in accordance with the Management Agreement for operation of the Los Angeles Convention Center (Convention Center) facility, for your consideration and approval.

DESCRIPTION

There are three categories with defined goals that help assess the performance of AEG-LACC, including: Category 1, Implementation of Enhanced Customer Service, a permanent category; Category 2, Implementation of Enhanced Facility Maintenance, a permanent category; and Category 3, Implementation of Food Services, a non-permanent category which means the subject area may change year to year.

The following summarizes the 2019-20 Discretionary Incentive Fee goals:

Category 1 – Implementation of Enhanced Customer Service

		Goals FY19	Results FY19	Goals FY20
1a	Overall client satisfaction (AEG surveys)	4.7	4.6	4.7
1b	Overall client satisfaction (LATCB surveys)	4.0	3.9	4.0
1c	Overall satisfaction with Facility Security (AEG surveys)	4.6	4.5	4.6
1d	Operational improvements that enhanced customer service	Meet Expectations	Expectations Met	Meet Expectations

CTD utilizes annual customer survey results in developing the quantitative goals for Category 1. AEG-LACC issues performance satisfaction surveys to a majority of its clients after hosting an event. Those clients not surveyed include smaller repeat clients that frequently utilize the building but generate minimal revenue, such as government entities that rent space to proctor hiring exams, to host naturalization events, etc. Other non-surveyed events may include smaller events associated with a single larger event.

CTD and AEG-LACC have agreed that the goal for the rate of return for issued surveys for the purposes of assessing the Discretionary Incentive Fee should be 30 percent. In 2018-19, the rate of return was 43 percent, which included 152 issued surveys, of which 66 were completed and returned to AEG-LACC.

Category 2 – Implementation of Enhanced Facility Maintenance

The following summarizes the 2019-20 Discretionary Incentive Fee goals:

		Goals FY19	Results FY19	Goals FY20
2a	Total Facility Diversion Rate	70%	61%, 68%*	70%
2b	Water Reduction Initiatives Completed	Meet Expectations	Expectations Met	Meet Expectations
2c	Completion of Preventative Maintenance Work (Pass/Fail)	Pass	Needs Improvement	Pass
2d	Operational improvements and efficiencies implemented	Meet Expectations	Expectations Met	Meet Expectations

*Based on new waste diversion methodology.

AEG-LACC is recommending a change in methodology to the recycling diversion rate. Rather than considering the total amount of waste diverted from landfills, we would consider the weight of the overall reduction of waste material to the total amount of waste generated, which would also account for zero waste initiatives. It should be noted that for Fiscal Year 2018-19 AEG-LACC implemented zero waste efforts with four

participating clients including GSMA, Adobe, Grammy's and the Disney's Avenger Premiere. According to AEG-LACC, such efforts have resulted in decreasing pounds of waste per person generated from 1.8 lbs. to 1.76 lbs. and pounds per person diverted from 1.07 lbs. to 1.48lbs. As a result of the zero waste initiative program, Convention Center total waste diversion, including zero waste initiatives, resulted in a 68% diversion rate. CTD is recommending that we rename Category 2a from *Recycling Diversion Rate* to *Total Facility Diversion Rate* and that we revise our methodology as well. It is recommended that we maintain the goal of 70% for Fiscal Year 2019-20.

The following are goals mutually agreed upon for the remaining sub-categories.

- Water reduction initiative: Implement a facility wide water reduction project or operational measure. Provide estimated water savings and supporting information/calculations for estimate.
- Completion of Preventative Maintenance Work
 - Perform comprehensive preventative maintenance and execute all tasks as outlined and scheduled in the Convention Center Preventative Maintenance Plan (PMP).
 - Submit quarterly summary reports in October, January, April, and July outlining preventative maintenance completed and highlighting accomplishments for the quarterly reporting period. Reports should be generated from MicroMain CMMS Software and present a summary of all preventative maintenance activity performed, followed with a detailed report upon request.
- Facility maintenance, operational improvements, and efficiencies
 - Develop/refine operational methods and procedures to increase service quality and operational efficiencies. Report on the benefits achieved by the creation or refinement of methods and procedures.
 - Establish quarterly building inspections with CTD staff to present recent work that has been accomplished and to collectively evaluate areas in the need of future focus.
 - Develop and implement initiatives to further improve Convention Center's sustainability and resiliency.
 - Provide bi-annual reports (December and June) outlining sustainability/resiliency accomplishments and respective measured impact of such efforts. Each report should highlight achievements completed in that specific six-month reporting period.
 - Train all building operating engineers on the use of utilizing daylight harvesting feature on our current general electric lighting system.
 - Install motion sensors in all offices, bathrooms, and shop areas creating sustainable work spaces.

- Partner with Marketing, Sales & Event Services to educate clients and attendees on sustainable practices utilizing the sustainability guideline for Convention Center staff, contractors to assist in promotion the Zero Waste Initiative and practices in compliance with the *RecyclLA Program* and the Mayor’s Sustainability Directives.
- Maintain comprehensive operating policies and procedures for sustainable efforts
- Create visual aids around the facility to educate clients, attendees and staff on sustainable practices
- Utilize Dropbox/Google business application to upload video/photo archives of pre and post damages of event by tagging short link to each note section within Ungerboeck event management software. Event services and Operation department are granted quick access to short links to provide additional details.

Category 3 – Implementation of Food Services

The following summarizes the 2019-20 Discretionary Incentive Fee goals:

		Goals FY19	Results FY19	Goals FY20
3a	Overall satisfaction with food and beverage (AEG surveys)	4.4	4.4	4.4
3b	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.2	4.0
3c	Quality of food (LATCB surveys)	4.0	4.1	4.0
3d	Food and beverage profit margin	26%	23%	26%

As implemented for Category 1, CTD utilizes annual customer survey results in developing and assessing the quantitative goals for Category 3. As stated earlier, Category 3 is a non-permanent category and may be subject to change as mutually agreed upon by both parties. The following lists the historical subject areas for Category 3 since the execution of the Management Agreement. It is recommended that Implementation of Food Services is maintained as a subject area for Category 3.

2013-14	Implementation of Enhanced Public Safety
2014-15	Implementation of Enhanced Public Safety
2015-16	Capital Improvement Projects, Alterations & Improvements, Capital Equipment Purchases
2016-17	Capital Improvement Projects, Alterations & Improvements, Capital Equipment Purchases
2017-18	Implementation of Food Services
2018-19	Implementation of Food Services
2019-20	Implementation of Food Services

BACKGROUND

The AEG-LACC's compensation consists of three different fees. The following is a short description of each fee:

- (1) Annual Base Management Fee – The annual base management fee compensates AEG-LACC for all the services provided pursuant to the Management Agreement, including but not limited to operations and management and food and beverage services;
- (2) Earned Incentive Fee – The earned incentive fee is paid when total operating revenues exceed the approved annual operating budget for an agreement year; and,
- (3) Discretionary Incentive Fee – If AEG-LACC qualifies to receive an earned incentive fee, and if CTD favorably evaluates AEG-LACC's performance based upon the agreed categories and metrics, AEG-LACC shall be paid a Discretionary Incentive Fee determined by the Board.

CTD and AEG-LACC shall annually agree upon the allocation of weight of the three categories to determine the amount to be paid for the satisfactory performance of one or more of the categories. The Management Agreement requires that to the extent reasonable, the goals should be more quantitative based rather than qualitative. There are certain metrics in which a quantitative based goal would not be feasible as it would be difficult to measure or accurately track. As such, qualitative goals were incorporated in the fee proposal as well.

If AEG-LACC qualifies to receive the earned incentive fee for 2019-20, CTD will evaluate AEG-LACC's performance based upon the agreed metrics and goals of the Discretionary Incentive Fee. Staff will provide feedback to the Executive Director, who will provide a final recommendation on the Discretionary Incentive Fee payment amount.

RECOMMENDATION

That the Board adopt the proposed Discretionary Incentive Fee goals for the 2019-20 Fiscal Year, attached to this report.

ATTACHMENT– Summary of 2019-20 Discretionary Incentive Fee Goals

DL:DM

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 16, 2019

To: Board of Los Angeles Department of Convention & Tourism Development
Commissioners

From: Doane Liu, Executive Director
Department of Convention and Tourism Development

Subject: **APPROVAL OF 2018-19 DISCRETIONARY INCENTIVE FEE (“DIF”)
PAYMENT– BOARD REPORT #19-002**

RECOMMENDATION:

That the Board of Los Angeles Department of Convention and Tourism Development Commissioners (Board) approves the payment of the Discretionary Incentive Fee (DIF) for Fiscal Year 2018-19, as referenced in Section 5.4 of the Management and Operation Agreement, also referred to as Management Agreement (Attachment) between the City of Los Angeles (City) and AEG Management LACC, LLC (AEG-LACC) in the amount of \$85,294.62.

DISCUSSION:

In accordance to the Management Agreement, the City pays AEG-LACC a fee for the management and operation of the Los Angeles Convention Center (Convention Center). This payment consists of the Base Management Fee and the Earned and Discretionary Incentive Fees. The total potential fee amount for the work performed during Fiscal Year 2018-19 is \$379,087.20. The fee is adjusted annually in accordance with the Consumer Price Index (CPI), and the adjustment is capped at 2 percent. The following is a breakdown of the total potential annual payment for Fiscal Year 2018-19.

Base Management Fee	\$ 189,543.60
Earned Incentive Fee	94,771.80
Discretionary Incentive Fee	94,771.80
TOTAL	\$ 379,087.20

The following is a description of the fees.

1. **Base Management Fee** – An annual fixed fee in the amount of \$189,543.60 for all services provided pursuant to the Management Agreement. The Base Management Fee is paid on a monthly basis upon written authorization from the Executive Director of the City of Los Angeles Department of Convention and Tourism Development (CTD).

2. **Earned and Discretionary Incentive Fees** – The total potential incentive fees (Earned Incentive Fee + Discretionary Incentive Fee) are not to exceed the Base Management Fee. The Earned Incentive Fee is paid when total actual operating revenues exceed the approved annual operating budget for an agreement year.

a. Earned Incentive Fee – The Earned Incentive Fee is calculated as 75 percent of the amount by which the actual total Operating Revenues exceed budgeted Operating Revenues, capped at 50 percent of the Base Management Fee.

Budgeted Operating Revenues	Actual Operating Revenues	Variance	75% of Variance	Base Management Fee – FY 19	Maximum Earned Incentive Fee
\$31,909,702	\$32,670,089	\$760,387	\$570,290.25	\$189,543.60	\$94,771.80

b. Discretionary Incentive Fee – If AEG-LACC qualifies to receive the Earned Incentive Fee, and if CTD favorably evaluates AEG-LACC’ performance based upon the agreed categories and metrics, AEG-LACC shall be paid a Discretionary Incentive Fee, subject to the approval of the Board. The Discretionary Incentive Fee is capped at 50 percent of the Base Management Fee. The maximum Discretionary Incentive Fee for FY 2018-19 is \$94,771.80.

2018-19 Discretionary Incentive Fee Evaluation Results

In September 2018, the Board approved the performance goals outlined below for determining payment of the Discretionary Incentive Fee. The following categories were considered in evaluating AEG-LACC’s performance:

- Category 1. Implementation of enhanced customer satisfaction – 40%
- Category 2. Implementation of enhanced facility maintenance – 40%
- Category 3. Enhancing Food Services – 20%

Categories 1 and 2 are permanent categories established by the Management Agreement. Category 3 shall be evaluated annually and may be modified or replaced by mutual agreement to reflect the current circumstances and needs at the Convention Center. Additionally, CTD and AEG-LACC shall annually agree upon the allocation of weight of the three categories to determine the amount to be paid for the satisfactory performance in each category.

CTD recommends that the Board approve the 2018-19 Discretionary Incentive Fee payment in the amount of \$85,294.62. The CTD believes that AEG-LACC has

demonstrated satisfactory performance under each category, except Category 2c, Completion of Preventative Maintenance Work, which will be addressed in further detail later in the report.

1. Implementation of enhanced customer satisfaction:

CATEGORY 1		Goal	Result
1a.	Overall client satisfaction (AEG surveys)	4.7	4.6
1b.	Overall client satisfaction (LATCB surveys)	4.0	3.9
1c.	Overall satisfaction with facility security (AEG Survey)	4.6	4.5
1d.	Operational improvements with enhanced customer service	Meet Expectations	Expectations Met

The results for Category 1 were based on customer surveys conducted by both AEG-LACC and the Los Angeles Tourism and Convention Board (LATCB). Surveys conducted by AEG-LACC were based on a 43 percent response rate of 152 surveyed events. Surveys conducted by LATCB were based on a 91 percent response rate for 23 post convention surveys. Although the results are 0.1 points shy of reaching the goals for 1a through 1c, CTD believes these results demonstrate satisfactory performance.

The operational improvements implemented to enhance customer service for 1d included the following highlights:

- ✓ Expanded “Taste of LA” cafes and concessions menu, featuring local, as well as up and coming and trending culinary concepts.
- ✓ Introduced new catering and café menu options featuring kosher, vegan and vegetarian alternatives.
- ✓ Converted to Reserve Enterprise System, which provided electronic signatures, enhanced security and client preferred reporting.
- ✓ Launched in-house production bakery for freshness and taste.
- ✓ Further expanded the already established “Taste of LA” beverage program utilizing local wineries and additional craft breweries.
- ✓ Certified five (5) AVADE instructors that provides de-escalation training across work force.
- ✓ Certified three (3) Stop the Bleed instructors that provide employee training for mass casualty incidents.
- ✓ Launched Trackforce for electronic tracking and enhanced resource management deployment.
- ✓ Launched Everbridge Emergency Notification System, which provides added notification capabilities for Convention Center employees.
- ✓ Installed compliant gender-neutral signage and offer signage for restroom conversions.

- ✓ Created new event-driven Sustainability Report available to clients upon request.
- ✓ Made significant enhancements in Ungerboeck (EBMS) programming that has helped order, track and fulfill services much more effectively in the area of parking passes, rekeying rooms, security labor and operations scheduling.
- ✓ Successfully established a billing account with the Los Angeles Fire Department, which now allows the expense of Fire Safety Officer labor to be billed through the event settlement to streamline the payment process for clients.

2. Implementation of enhanced facility maintenance:

There are four performance measures in Category 2. CTD believes AEG-LACC demonstrated satisfactory performance in all four categories except for 2c.

CATEGORY 2		Goal	Result
2a.	Recycling diversion rate	70%	61%, *68%
2b.	Water reduction initiatives completed	Meet Expectations	Expectations Met
2c.	Completion of preventative maintenance work	Pass	Needs Improvement
2d.	Operational improvements and efficiencies implemented	Meet Expectations	Expectations Met

*Based on new diversion rate methodology

Recycling diversion rate - The recycling diversion rate for the last several years has been based on a methodology that accounts for the amount of waste diverted from landfills compared to overall waste generated. Assuming this same methodology, the recycling diversion rate for Fiscal Year 2018-19 would amount to 61 percent, which would make it the lowest diversion rate within the last five years. This decline is heavily driven by the City’s decision to transition to a franchise service provider through the citywide *recyclLA Program* in which eleven zones within the City are serviced exclusively by designated waste collection companies. Although the goal of the *recyclLA Program* was to support the increase of waste diversion rates, the franchise service provider designated to the Convention Center does not offer the same types of diversion services as the previous waste hauler. This is a matter that CTD and AEG-LACC will have to further investigate with the Bureau of Sanitation.

A secondary factor impacting the diversion rate includes the implementation of zero-waste practices. AEG-LACC has implemented zero waste practices, which includes adjusting methods of purchasing and disposal and developing sustainable practices, resulting in a reduction of “diverted items” at the Convention Center. This also has a

negative impact on diversion figures and demonstrates that rates could continue to drop as zero waste efforts continue to grow.

As a result, AEG-LACC is recommending a change in methodology for the recycling diversion rate. Rather than considering the total amount of waste diverted from landfills, we would consider the weight of the overall reduction of waste material to the total amount of waste generated. It should be noted that for Fiscal Year 2018-19, AEG-LACC implemented zero waste efforts with four participating clients including GSMA, Adobe, Grammy's and the Disney's Avenger Premiere. According to AEG-LACC, such efforts have resulted in decreasing pounds of waste generated per person from 1.8 lbs. to 1.76 lbs. and pounds of waste diverted per person from 1.07 lbs. to 1.48 lbs. As a result of the zero waste initiative program, Convention Center's total waste diversion rate including zero waste initiatives resulted in a 68 percent diversion rate.

Water reduction initiatives - AEG-LACC completed the following water reduction initiatives which CTD believes demonstrate satisfactory performance for sub-category 2b:

- ✓ Installed 22 50-gallon water barrels to collect run-off from various expansion joints (troughs) and rain water (water collection pans) within South Hall dock and West Hall garage.
- ✓ Installed 330 0.35-gallon Sloan faucets in public restrooms, estimated to save 415,000 gallons of water annually.
- ✓ Upgraded to water efficient dishwashers, saving an estimated 1.3 million gallons of water annually.

Execution of preventative maintenance work - CTD believes that improvement is needed in this area, and CTD and AEG-LACC will work together more closely during Fiscal Year 2019-20 to identify areas for improvement. The following factors were considered in developing this determination:

- ❖ Completion of the preventative maintenance tasks outlined in the Convention Center Preventative Maintenance Plan (PMP) has not been satisfied. Expectation is that the PMP will be fully implemented.
- ❖ Bi-annual summary reports in December and June indicating the preventative maintenance accomplishments for the six-month reporting period are deficient. Reports should present a high level summary of all preventative maintenance activity performed.

Highlights of operational improvements and efficiencies - AEG-LACC completed the following operational improvements and efficiencies which CTD believes demonstrates satisfactory performance for this sub-category:

- ✓ Completed initiatives such as: automatic transfer switch replacement; LED lighting upgrades; carpet replacement; variable frequency drive additions and replacements; elevator modernization; water heater replacements; and roof replacement.
- ✓ Implemented additional cart and airwall safety policies and procedures for staff training.
- ✓ Implemented setup crew welcome packet for current and future employees.
- ✓ Established salvage material catalogue for storage inventory.
- ✓ Established new damage capture and reporting procedures for events with the ability to upload to EBMS.
- ✓ Converted to a 100% strawless facility.
- ✓ Received the following awards: Los Angeles Better Building Challenge Innovation Award in significant energy savings; LADWP Sustainability Award, third place in the renewables category; and two Communitas Awards in community service and corporate social responsibility.

3. Implementation of Food Services

As implemented for Category 1, the CTD utilizes annual customer survey results in developing and assessing the quantitative goals for Category 3. CTD believes that AEG-LACC has performed satisfactorily within this category.

CATEGORY 3		Goal	Result
3a.	Overall satisfaction with food and beverage (AEG surveys)	4.4	4.4
3b.	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.2
3c.	Quality of food (LATCB surveys)	4.0	4.1
3d.	Food and beverage profit margin	26%	23%

FISCAL IMPACT:

The Discretionary Incentive Fee will be paid from the Convention Center Operating Account and has no impact on the General Fund.

ATTACHMENTS:

- A. Management Agreement
- B. Letter from AEG-LACC dated July 31, 2019

DL:DM