



BOARD OF LOS ANGELES DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

Commissioners: Jon F. Vein, President; Otto Padron, Vice President;
Jeremy Bernard; Stella T. Maloyan; Vacant

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.

Special Meeting
Wednesday, August 23, 2017
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. PUBLIC COMMENT

3. ACTION ITEMS:

- a. Approval of the Special meeting minutes from 0900 am July 26, 2017
- b. Approval of the Special meeting minutes from 1030 am July 26, 2017

4. PRESENTATIONS:

- a. 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
- b. JLL Hotel Study – Tony Peterman, JLL
- c. Executive Director Report

ADJOURNMENT

AGENDA FORECAST / SPECIAL TOPICS:

- September 6, 2017 - AEG Monthly Update – July – AEG
- LATCB Monthly Update – July – LATCB
- CIP Update – Tom Fields, CTD

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**

Special Meeting Minutes

July 26, 2017

The Board of Los Angeles Convention and Tourism Development Commission (Board) convened a special meeting on Wednesday, July 26, 2017 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 Jeremy Bernard (arrived 9:05 a.m.)
Commissioner Stella T. Maloyan

ABSENT:

Vacant

PRESENTERS:

Brad Gessner, AEG
Keith Hilsgen, AEG
Tom Fields, CTD
Doane Liu, CTD
Darren Green, LATCB
Ernie Wooden, LATCB

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:00 a.m.

Item 2. Public Comment

None

Item 3a. FY 17-18 Election of Officers

Motion to elect Jon Vein as President and Otto Padron as Vice President.

Ayes: President Vein, Commissioners Bernard, Maloyan, and Padron

Nays: None

Absent: Vacant

UNANIMOUSLY APPROVED

Item 3b. Approval of the regular meeting minutes from June 7, 2017

UNANIMOUSLY APPROVED

Item 4a. Neighborhood Council

None

Item 4b. AEG Monthly Update – May and June

Mr. Brad Gessner recognized Brian Delostrinos as Employee of the Month, and Bladimir Reyes, Leader of the Quarter. Mr. Gessner reported that May had 6 events, with a total attendance of 132,114, four of which were citywide events and that there were 3 filmings. Mr. Gessner also noted that June had four events, with a total attendance of 151,560, three of which were citywide events and that there was one filming. Mr. Gessner announced that FY 16-17 was a record year with an operating profit of \$10.2 million dollars. Mr. Hilsgen presented the financial data for May and June. Mr. Hilsgen also reported that occupancy for the year end occupancy was 74%, which is the highest in over 5 years and the year end Economic Interest was \$732 million.

*President Vein would like to see indirect spend data included in the next presentation as well as the tax base figures if there was no Convention Center.

Item 4c. LATCB Monthly Update – Year End

Mr. Darren Green reported that at year end, LATCB has processed 222 leads, the goal was 220 leads, resulting in 393,708 room nights which exceeded the goal of 390,000. Mr. Ernie Wooden added that Air BnB was voluntarily paying TOT Tax. Mr. Green also reported that 24 events were booked in FY 16-17 with 246,306 Room Nights. Mr. Green reported on the June Client Advisory Board Forum and showed a video highlighting the event. Mr. Wooden reported that last year Los Angeles had 47 million visitors which resulted in \$22 billion spent and \$32 billion in indirect spend. Mr. Wooden also reported that over the last six years, 39 conventions have been lost and \$650 million due to the condition of the Convention Center and the lack of hotel room inventory dedicated to citywide events. Mr. Wooden stressed the need to futurization and expansion of the center and for additional hotel rooms.

Item 4d. CIP Update

Mr. Tom Fields provided an update on CIP projects and noted that the City and AEG have funded close to \$40 million in both CIP and A&I projects over the last three years.

Item 4e. Update on Expansion and Modernization

Item will be addressed in closed session during the 10:30 am Special Meeting.

Item 4f. Executive Director Report

Mr. Doane Liu reported the CTD now reports to two City Council Committees: Trade, Travel, and Tourism (TTT) and Economic Development Committee (EDC). Mr. Liu introduced Dennis Glenson and Amy Gavart, representatives of Council District 15. Mr. Liu reported on his activities since the last Board meeting, which included meeting with E3 representatives to discuss future events, discussing with the Mayor's office homelessness and how it affects clients and event attendees, meeting with CBRE to discuss downtown hotel activity, meeting with CD4 regarding concerns of tourism at the Hollywood sign. Mr. Liu also reported on his trip with City staff to meet with the International Olympic Committee and Sister Cities representatives and his discussions with AEG and Council offices regarding modernization and expansion.

ADJOURNMENT

The meeting was adjourned at 10:05 a.m.

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PRESENT:

President Jon F. Vein
Vice President Otto Padron
Commissioner Jeremy Bernard
Commissioner Stella T. Maloyan

ABSENT:

Vacant

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 10:20 a.m.

Item 2. Public Comment

None

Item 3a. Neighborhood Council

None

Item 3b. Pursuant to Government Code Section 54956.8, open and public session identifying negotiators, real property which negotiations may concern, and the person or persons with whom its negotiators may negotiate.

Mr. Doane Liu noted that the Board would be moving into closed session to discuss the Ground Lease for the Los Angeles Convention Center Potential Expansion Project, which would include the Board members, City Attorney, CTD Management and relative Board staff, and negotiator John Wickham.

Item 3c. The Commission may recess to closed session pursuant to Government Code Sections 54956.8, in order to confer with negotiator prior to the purchase, sale, exchange, or lease of real property by or for the local agency to grant authority to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease.

The Board recessed to closed session.

The Board reconvened from closed session with no action to report.

ADJOURNMENT

The meeting was adjourned at 11:04 a.m.

LACC Hotel Market Analysis

August 2017

DRAFT



Scope

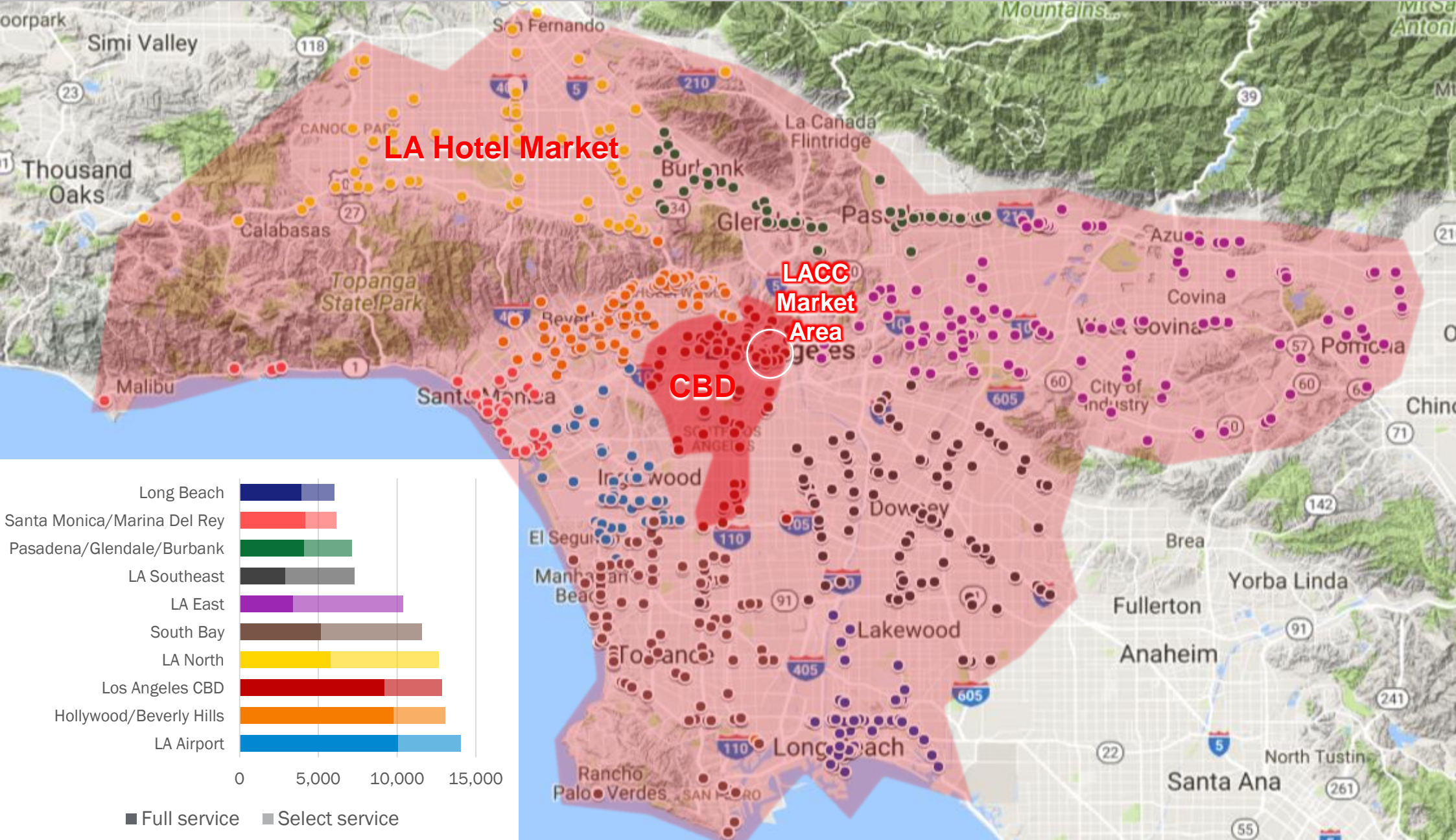


- ① *How has the LA Hotel Market evolved?*
- ② *Can the LACC market support all the new planned supply?*
 - *How does the LACC expansion impact?*
- ③ *Is there potential for a new, large convention hotel? Hotels?*

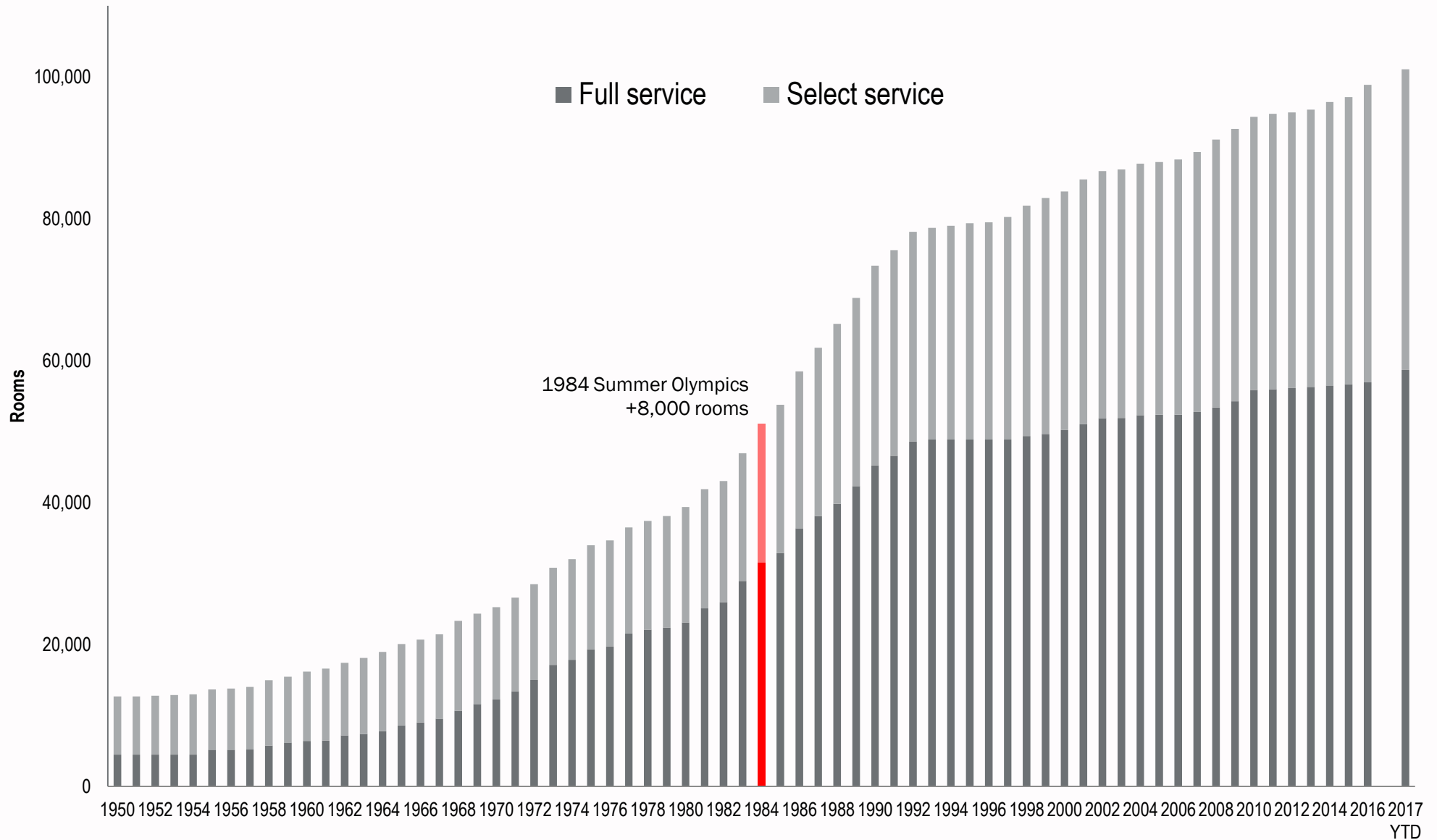
How has the LA market evolved?

6th largest hotel market in the US

- over 100K hotel rooms in 1,015 hotels

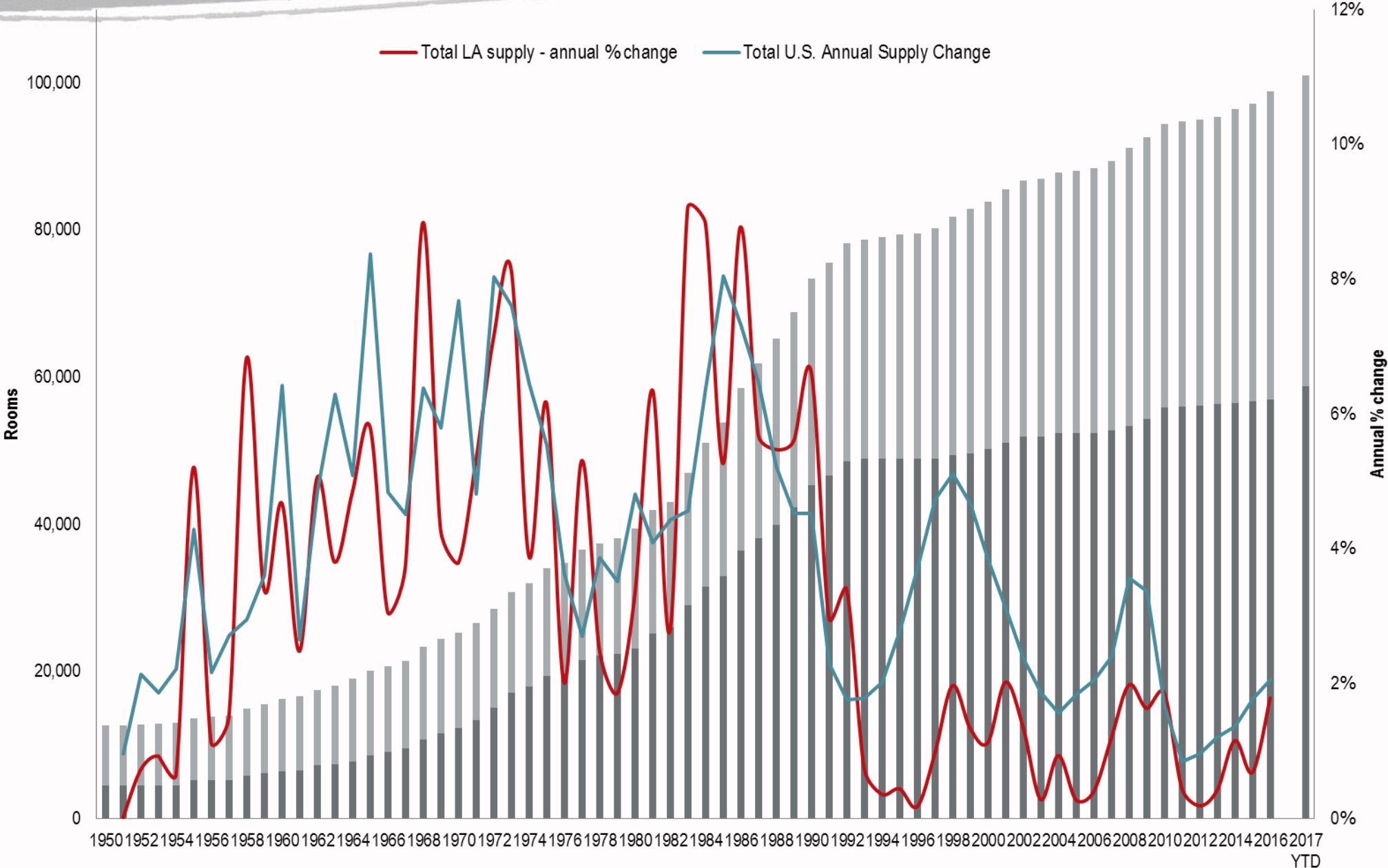


Since 19050, LA hotel market grew 3.2% per year



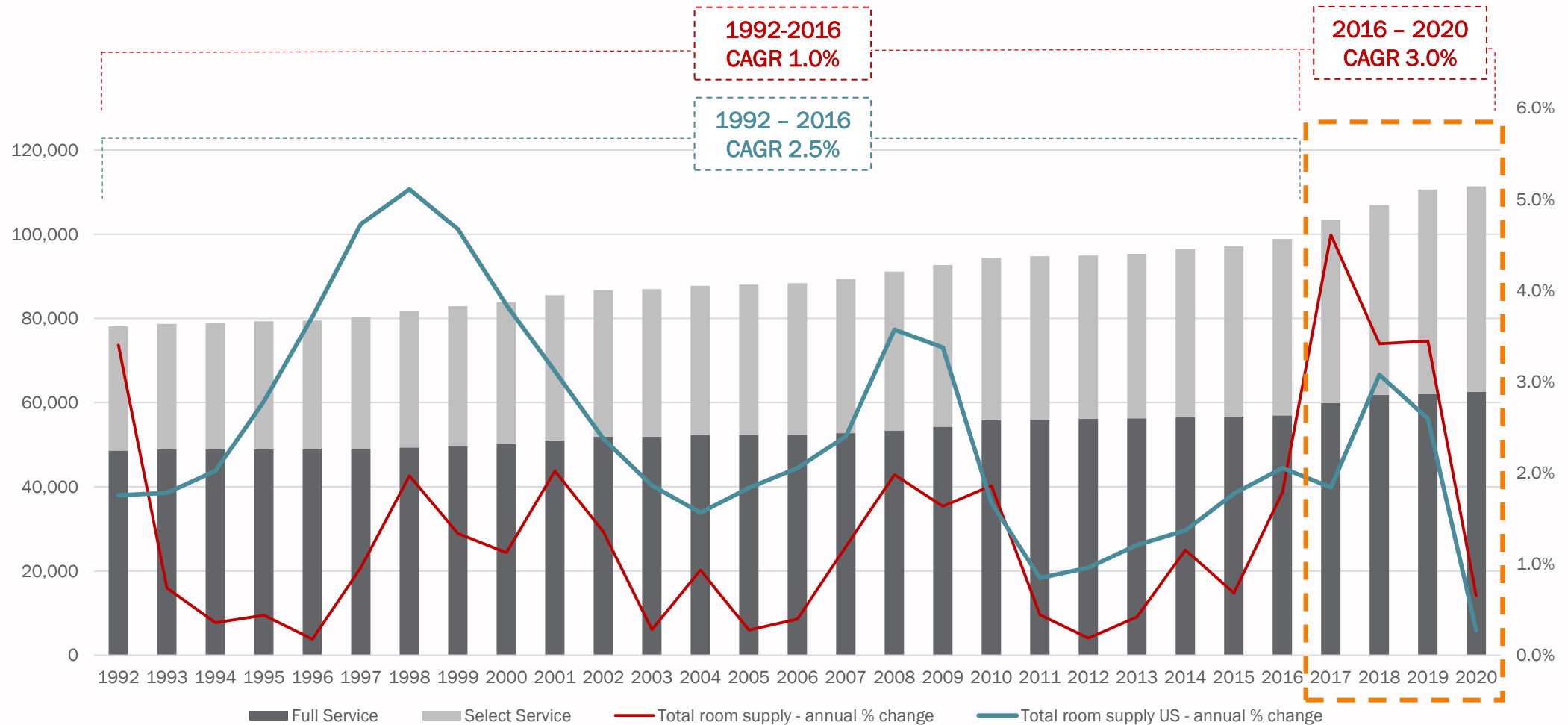
*Full service defined as hotels with restaurant
Source: STR, JLL

LA hotel market grew slightly slower than US; more so in 1990's



*Full service defined as hotels with restaurant
 Source: STR, JLL

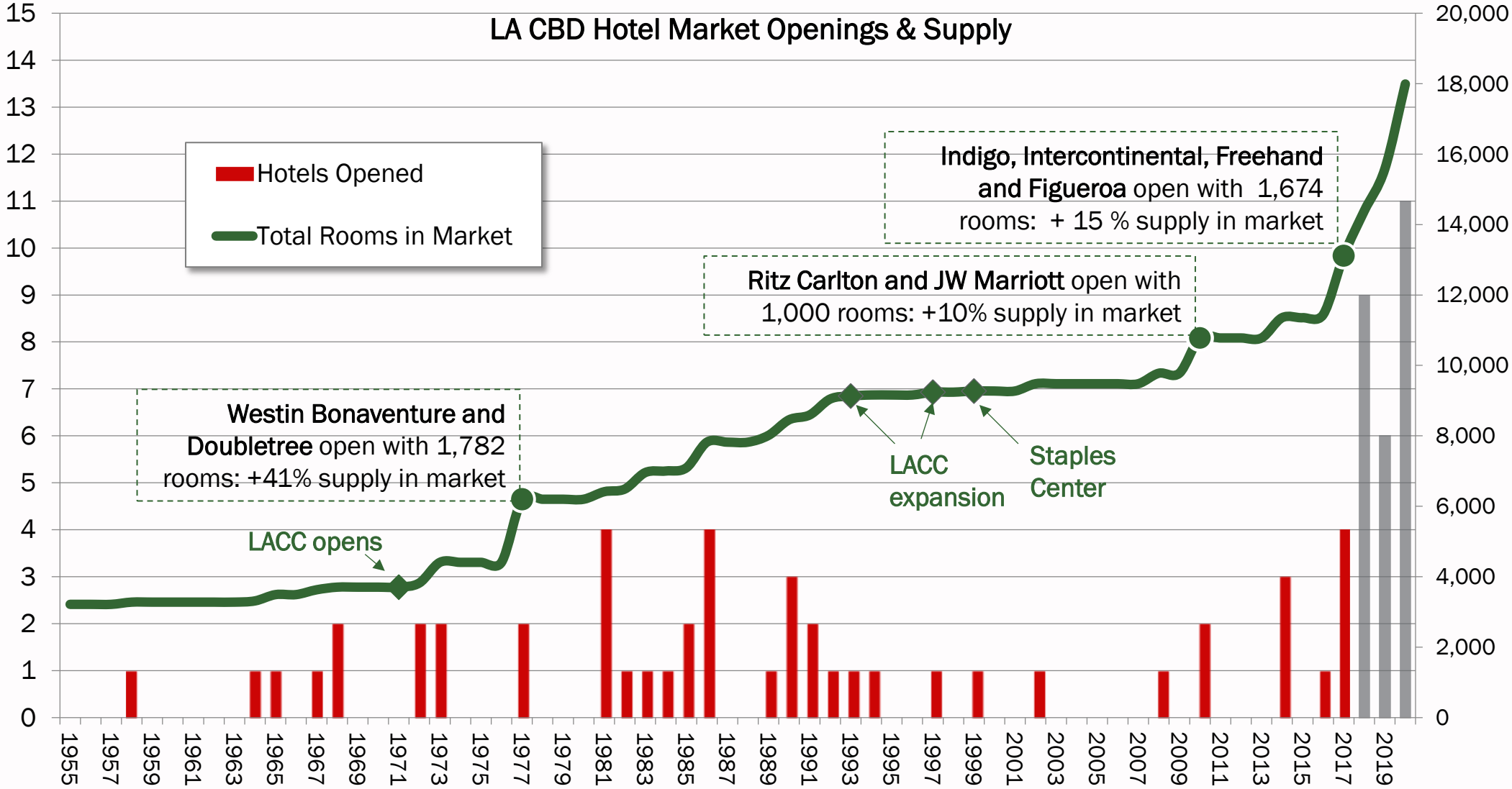
LA is set to exceed US average for the first time since 1992



**Forecast:
10,000 rooms
in pipeline ***

*Includes hotels under construction and final planning
Source: STR, JLL

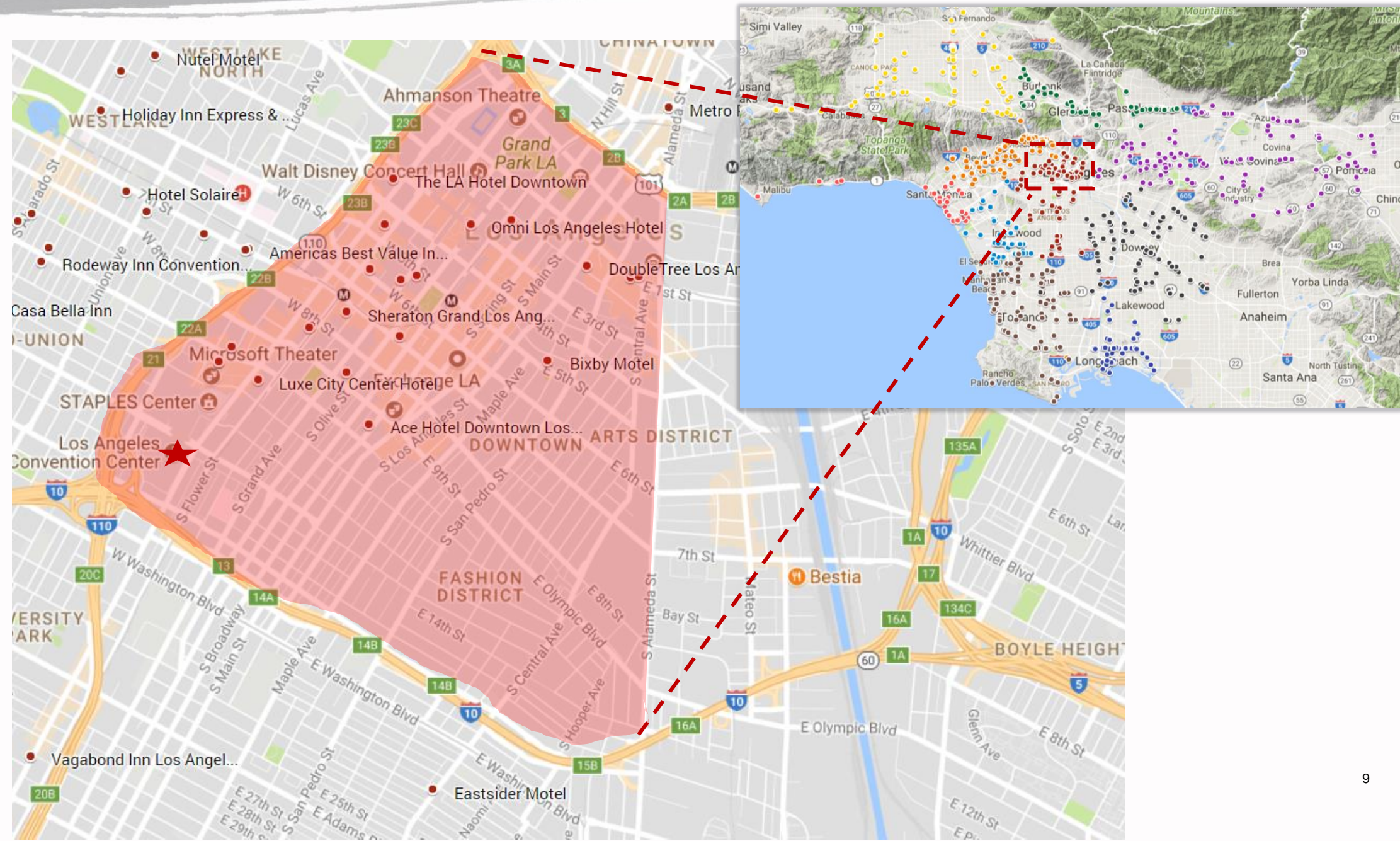
CBD market area has ~ 13,000 rooms and will see its largest room bump since 1977



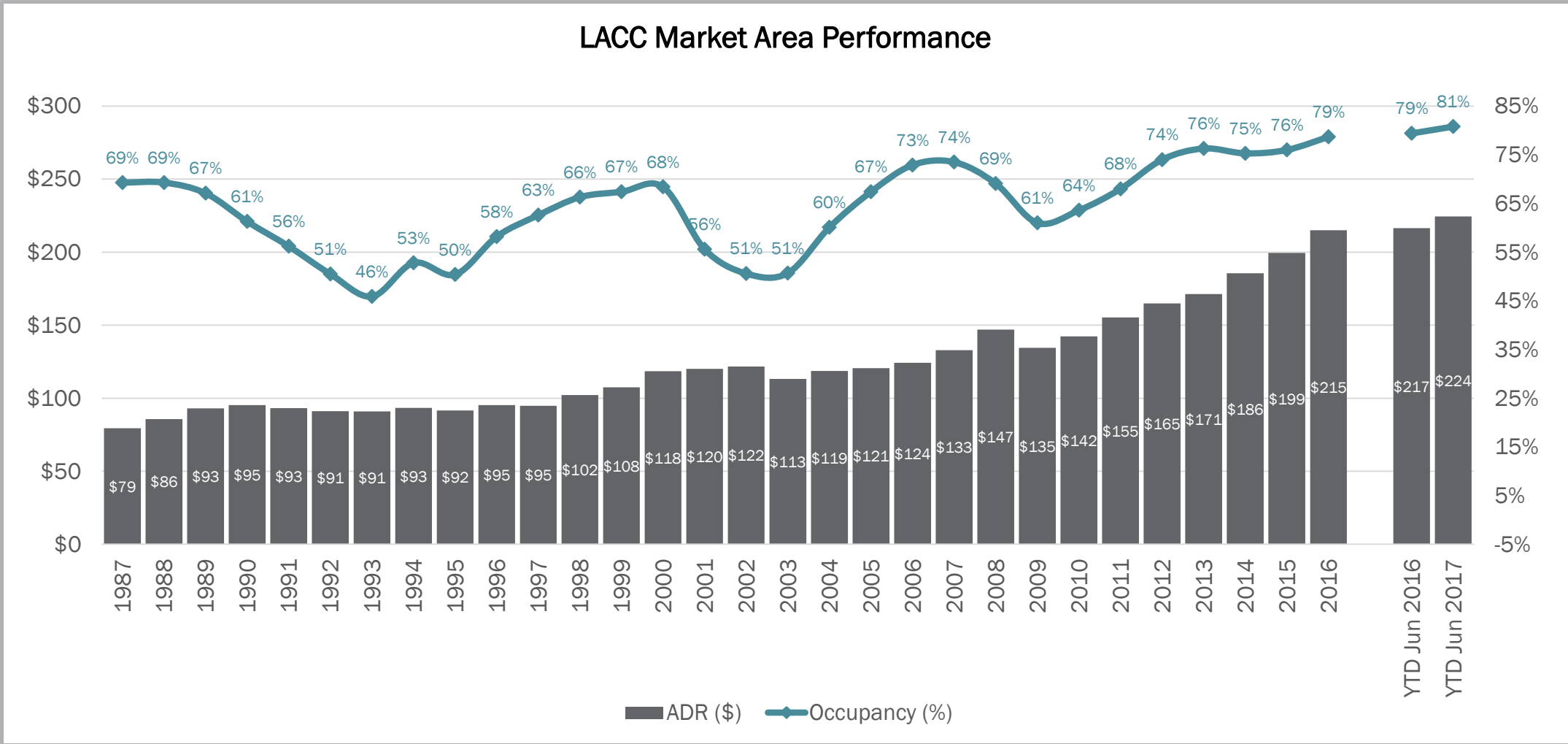
*Includes hotels under construction, final planning and planning
Source: STR, JLL

Pipeline*

LACC market area includes 26 hotels with 8,400 rooms

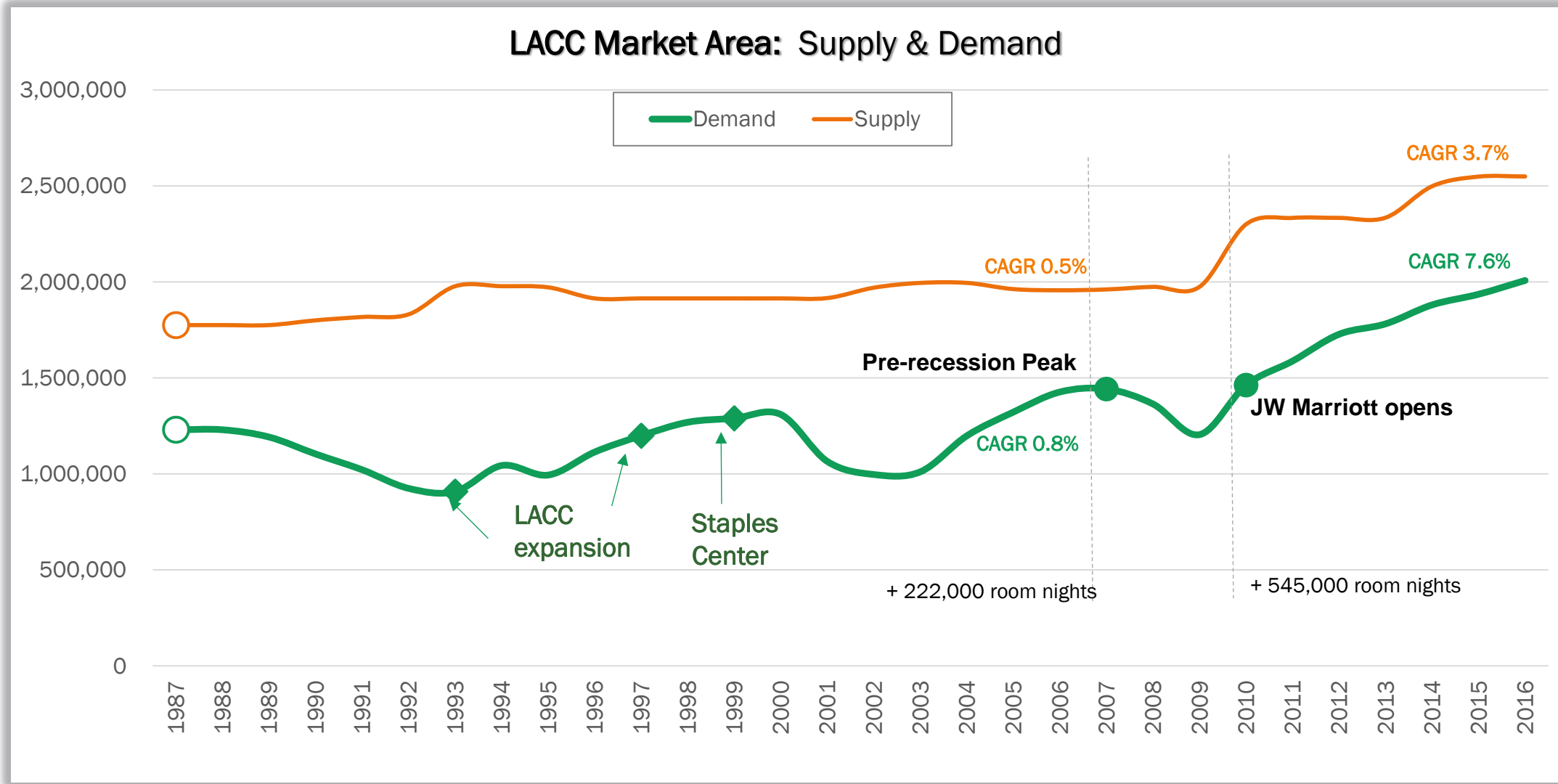


LACC market area is at its peak



Source: STR

Since 2010, total demand more than doubled the growth over 20 years ending 2007



Source: STR

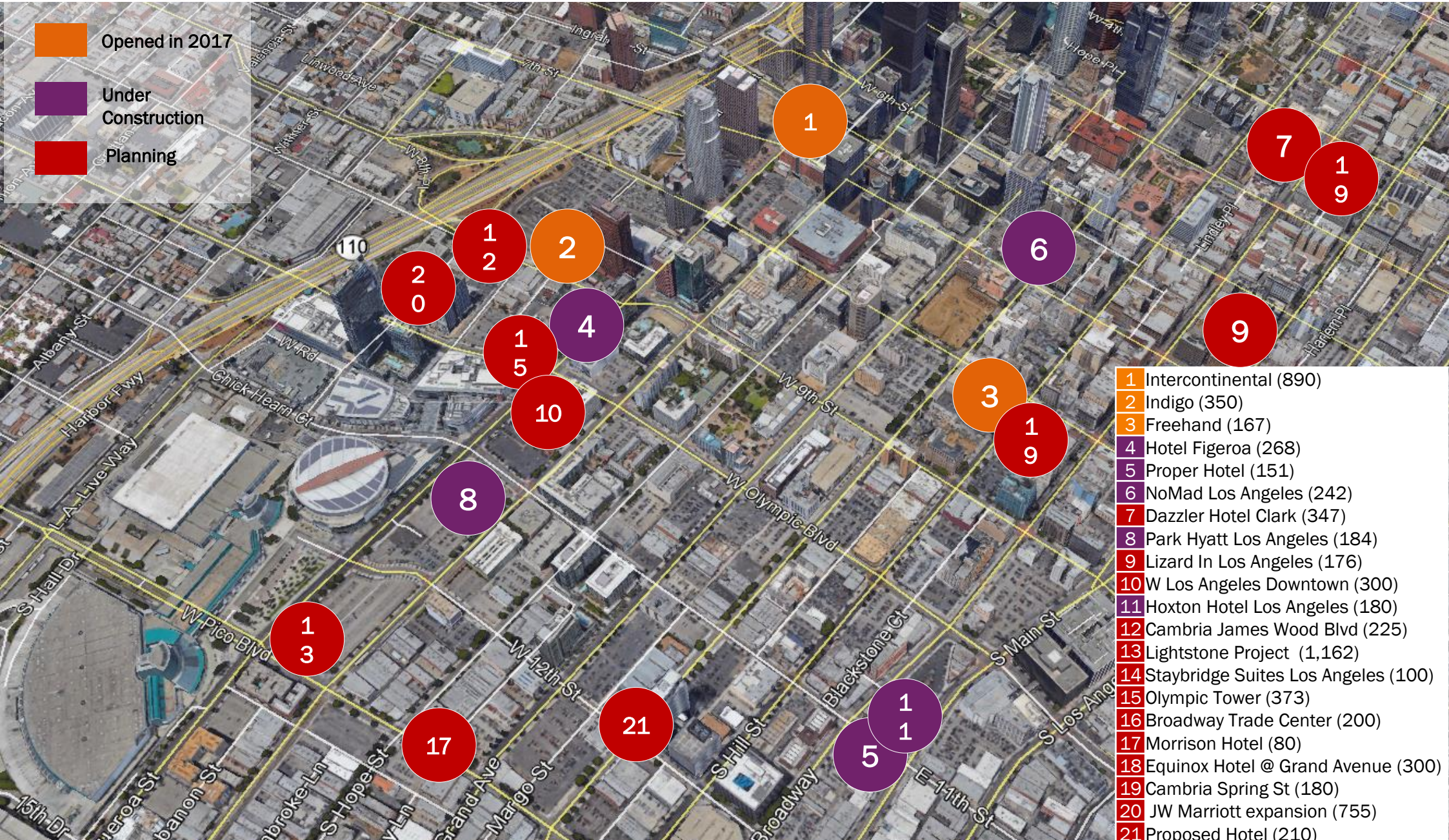
- *LA hotel market has been growing a little below the US average for the last 60 years*
- *Recent LACC market high performance - above 80% occupancy and healthy ADR growth*
 - *Much of 2016 saw LA as Top US performer*
- *Significant number of projects in various stages – potential of 5,200 new rooms to the market - 50% full service and 50% select service*
 - *No convention hotels planned - all projects below 500 rooms and limited to no meeting space*

**Can the LACC market
support all the new
supply?**

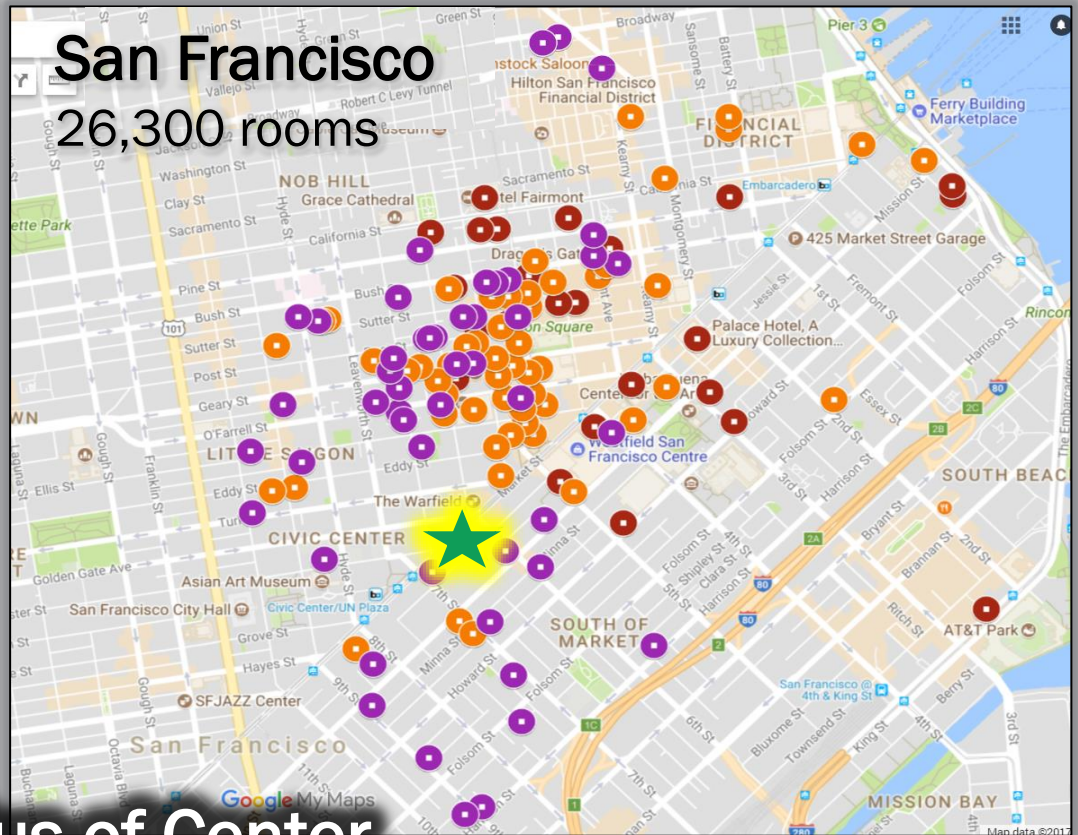
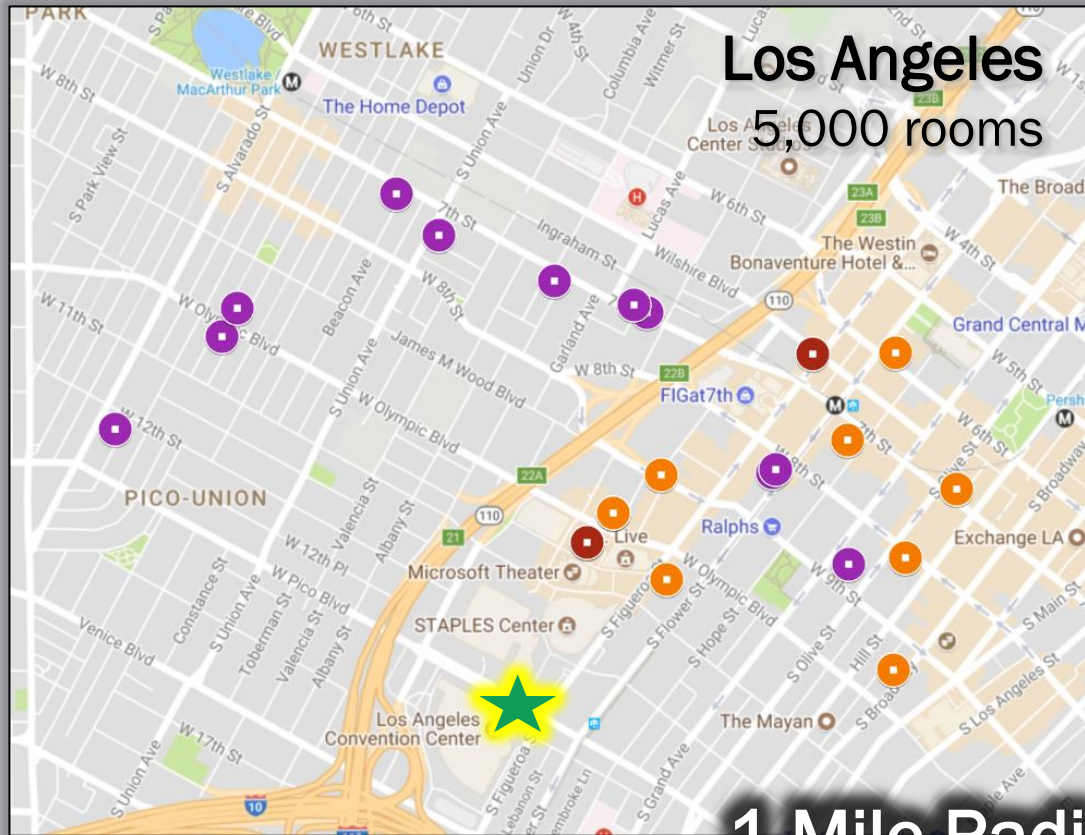
5,200 hotel rooms in 18 projects that may enter the CC Hotel Market in the next years



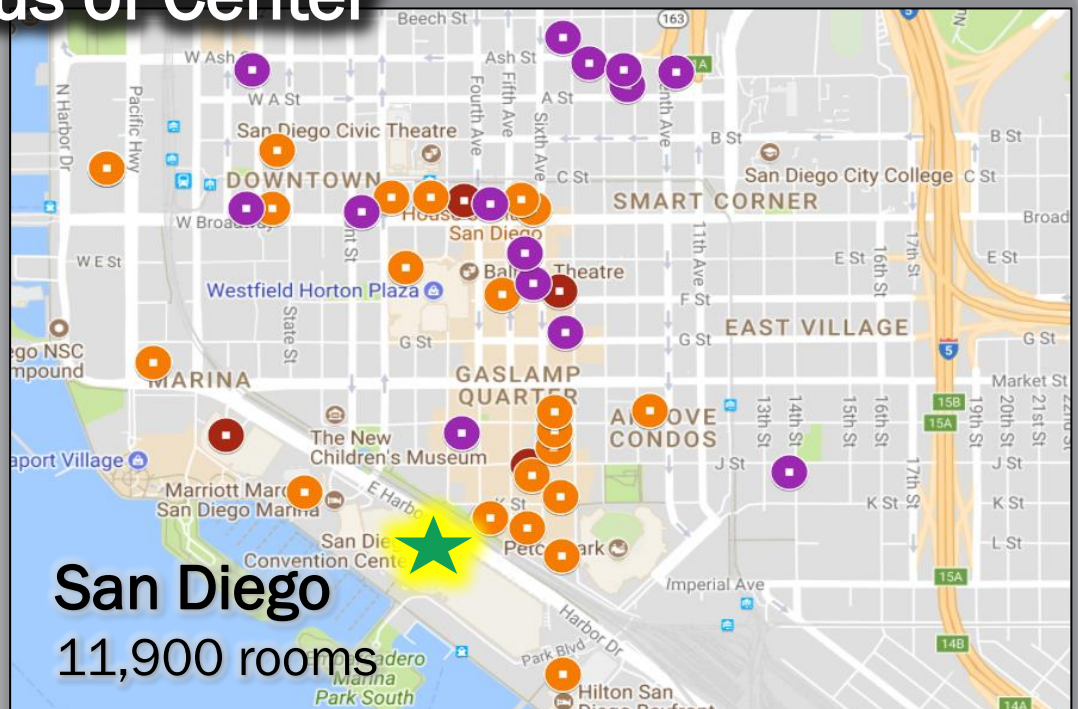
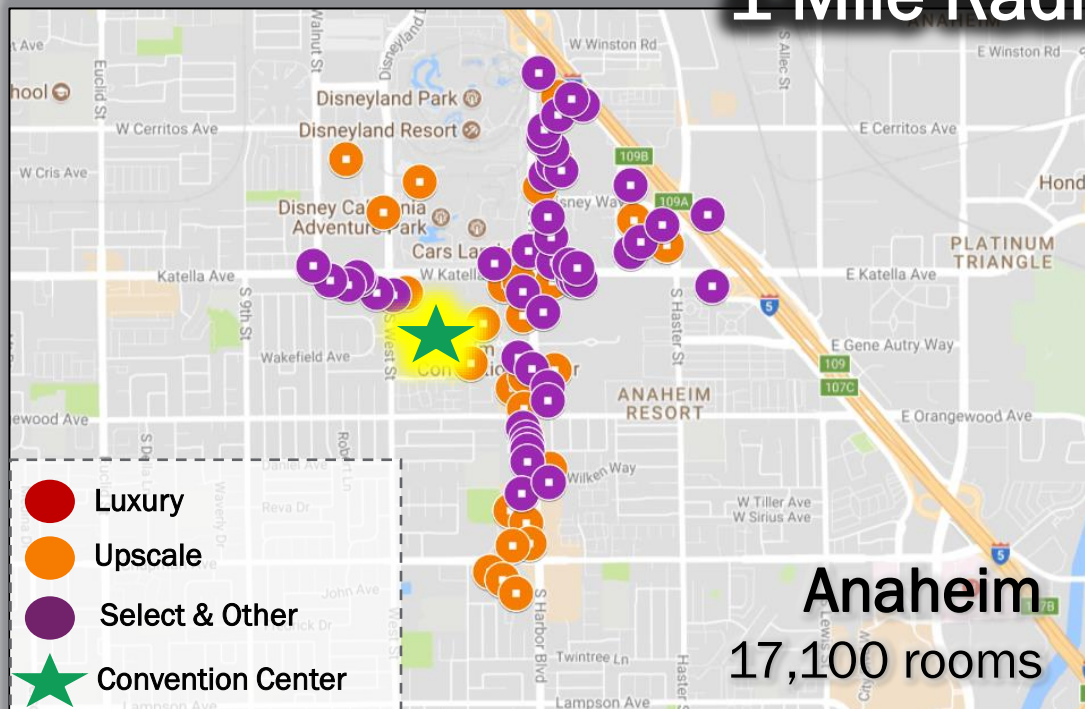
- Opened in 2017
- Under Construction
- Planning



1	Intercontinental (890)
2	Indigo (350)
3	Freehand (167)
4	Hotel Figueroa (268)
5	Proper Hotel (151)
6	NoMad Los Angeles (242)
7	Dazzler Hotel Clark (347)
8	Park Hyatt Los Angeles (184)
9	Lizard In Los Angeles (176)
10	W Los Angeles Downtown (300)
11	Hoxton Hotel Los Angeles (180)
12	Cambria James Wood Blvd (225)
13	Lightstone Project (1,162)
14	Staybridge Suites Los Angeles (100)
15	Olympic Tower (373)
16	Broadway Trade Center (200)
17	Morrison Hotel (80)
18	Equinox Hotel @ Grand Avenue (300)
19	Cambria Spring St (180)
20	JW Marriott expansion (755)
21	Proposed Hotel (210)



1 Mile Radius of Center



- Luxury
- Upscale
- Select & Other
- ★ Convention Center

What if it all happened?



Rooms within Walking Distance from the Convention Center (1 mile radius) Including all Pipeline around the LACC

Convention Center	Attached or One Block				Two to Four Blocks				Five to Seven Blocks				Eight to Ten Blocks				Grand Total
	Luxury	Upscale	Select	TOTAL	Luxury	Upscale	Select	TOTAL	Luxury	Upscale	Select	TOTAL	Luxury	Upscale	Select	TOTAL	
Los Angeles with Future Supply	0	0	1,240	1,240	2,245	1,380	230	3,855	0	530	740	1,270	890	1,140	690	2,720	9,085
Anaheim	0	3,610	320	3,930	0	2,960	2,710	5,670	0	1,900	1,590	3,490	0	2,300	1,690	3,990	17,080
San Diego	320	1,990	130	2,440	1,790	3,230	100	5,120	270	2,010	850	3,130	0	710	470	1,180	11,870
San Francisco	940	2,180	170	3,290	2,190	5,080	570	7,840	2,380	6,760	1,830	10,970	920	1,790	1,440	4,150	26,250

Note:

- Los Angeles supply includes Existing Hotels and pipeline identified by JLL- under construction, final planning and planning
- Scales as defined by STR
- Upscale includes both Upper Upscale and Upscale
- Select includes Upper Midscale, Midscale, Economy and Budget

Meeting Planner Feedback



“There is a need for hotels with different price points and brands”

“The hotels need to be walking distance from the Convention Center – shuttles are a high cost and a large inconvenience”

“The Convention Center needs one more HQ hotel”

Source: LATCB; JLL



Scenarios and Assumptions



■ *Scenario 1*

- No LACC expansion
- 70% of all planned supply – 3,500 rooms

■ *Scenario 2*

- LACC expansion
 - Decrease of 70,000 room nights during the construction in 2020 and 2021
 - Increase of 128,000 room night after the expansion
- 70% of all planned supply – 3,500 rooms

Scenarios and Assumptions



■ Scenario 3

- LACC expansion
 - Decrease of 70,000 room nights during the construction in 2020/2021
 - Increase of 196,000 room night after the expansion
- 70% of all planned supply – 3,500 rooms
- 1,000 room convention hotel off-site in 2022

■ Scenario 3b

- LACC expansion
 - Decrease of 70,000 room nights during the construction in 2020/2021
 - Increase of 281,000 room night after the expansion
- 70% of all planned supply – 3,500 rooms
- 1,000 room convention hotel on-site in 2022

Scenarios and Assumptions



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Supply													
Scenario 1	7,000	7,900	8,900	9,700	11,500	11,800	11,900	11,900	11,900	11,900	11,900	11,900	11,900
Scenario 2	7,000	7,900	8,900	9,700	11,500	11,800	11,900	11,900	11,900	11,900	11,900	11,900	11,900
Scenario 3	7,000	7,900	8,900	9,700	11,500	11,800	12,900	12,900	12,900	12,900	12,900	12,900	12,900
Scenario 3b	7,000	7,900	8,900	9,700	11,500	11,800	12,900	12,900	12,900	12,900	12,900	12,900	12,900
Demand Growth Rate													
% Transient													
Scenario 1		7.0%	5.0%	5.0%	6.0%	3.0%	3.0%	2.5%	2.5%	2.5%	4.0%	6.0%	2.5%
Scenario 2		7.0%	5.0%	5.0%	6.0%	3.0%	3.0%	2.5%	2.5%	2.5%	4.0%	6.0%	2.5%
Scenario 3		7.0%	5.0%	5.0%	6.0%	3.0%	4.0%	2.5%	2.5%	2.5%	4.0%	6.0%	2.5%
Scenario 3b		7.0%	5.0%	5.0%	6.0%	3.0%	4.0%	2.5%	2.5%	2.5%	4.0%	6.0%	2.5%
% Contract													
Scenario 1		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Scenario 2		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Scenario 3		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Scenario 3b		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
% Groups													
Scenario 1		21.0%	2.0%	6.0%	6.0%	2.0%	1.0%	1.0%	1.0%	2.0%	1.0%	2.0%	2.0%
Scenario 2		21.0%	2.0%	6.0%	2.0%	-2.0%	7.0%	7.0%	3.0%	2.0%	2.0%	2.0%	1.0%
Scenario 3		21.0%	2.0%	6.0%	2.0%	-2.0%	19.0%	9.0%	4.0%	1.0%	2.0%	2.0%	1.0%
Scenario 3b		21.0%	2.0%	6.0%	2.0%	-2.0%	22.0%	13.0%	5.0%	2.0%	1.0%	1.0%	2.0%
Total Demand Growth													
Scenario 1		11.4%	3.7%	5.0%	5.7%	2.6%	2.3%	2.1%	2.1%	2.1%	2.9%	4.0%	2.1%
Scenario 2		11.4%	3.7%	5.0%	4.3%	1.2%	4.3%	4.3%	2.7%	2.0%	2.9%	4.0%	2.1%
Scenario 3		11.4%	3.7%	5.0%	4.3%	1.2%	9.2%	5.1%	2.9%	2.0%	2.8%	3.9%	2.0%
Scenario 3b		11.4%	3.7%	5.0%	4.3%	1.2%	10.2%	6.5%	3.4%	2.0%	2.8%	3.8%	2.0%

Scenarios and Assumptions



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Demand (000 rounded)													
Scenario 1	2,010	2,240	2,320	2,430	2,570	2,640	2,700	2,750	2,810	2,870	2,950	3,070	3,130
Scenario 2	2,010	2,240	2,320	2,430	2,540	2,570	2,680	2,790	2,870	2,930	3,010	3,130	3,190
Scenario 3	2,010	2,240	2,320	2,430	2,540	2,570	2,800	2,950	3,030	3,090	3,180	3,300	3,370
Scenario 3b	2,010	2,240	2,320	2,430	2,540	2,570	2,830	3,010	3,120	3,180	3,270	3,390	3,460
LACC Market Area Occupancy													
Scenario 1	79%	77%	71%	69%	61%	61%	62%	63%	64%	66%	68%	70%	72%
Scenario 2	79%	77%	71%	69%	60%	60%	61%	64%	66%	67%	69%	72%	73%
Scenario 3	79%	77%	71%	69%	60%	60%	59%	62%	64%	65%	67%	70%	71%
Scenario 3b	79%	77%	71%	69%	60%	60%	60%	64%	66%	67%	69%	72%	73%
LACC Market Area RevPAR													
Scenario 1	\$169	\$174	\$166	\$166	\$151	\$156	\$163	\$171	\$179	\$189	\$202	\$216	\$231
Scenario 2	\$169	\$174	\$166	\$166	\$149	\$153	\$160	\$173	\$184	\$192	\$205	\$222	\$234
Scenario 3	\$169	\$174	\$166	\$166	\$149	\$153	\$155	\$168	\$179	\$187	\$199	\$216	\$228
Scenario 3b	\$169	\$174	\$166	\$166	\$149	\$153	\$158	\$173	\$184	\$192	\$205	\$222	\$234

Conclusions



Over the projection period, LACC market area can support the 3,500 rooms that are likely to be developed

A second 1,000-room convention hotel could also be supported in conjunction with the LACC expansion.

An on-site location provides greater economic impact for the City than an off-site hotel



Other Considerations



The City's historical use of incentives was successful; The LA hotel market is robust

If only half of the select service hotels planned in the LACC market area ultimately are developed, the market wide occupancy for the area increases 5.0 to 7.0 occupancy points

Going forward, smart use of public incentives can have a positive effect on total demand, market wide occupancy, ADRs, and LA's destination appeal



Thank you