

WELCOME TO THE CTD COMMISSION SPECIAL MEETING

May 25, 2023





CITY TOURISM COMMISSION



Commissioners: Jon F. Vein, President;
Juan Camacho; Sandra Lee; Cameron Onumah; Kathleen Rawson

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 three minutes per speaker. Meeting packets may be found on the City Tourism Department website, tourism.lacity.org.

Special Meeting
Thursday, May 25, 2023
9:00 a.m.
1201 S. Figueroa St.
Los Angeles, CA 90015

1. CALL TO ORDER / ROLL CALL

2. COMMENTS FROM THE PUBLIC

- a. General and Agenda Item 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 the City Tourism Commission.

3. APPROVE MINUTES

- a. Approval of the regular meeting minutes from March 15, 2023

4. REPORTS

- a. Executive Director Report
- b. ASM Update
- c. LATCB Update
 - i. LA Tourism Overview
 - ii. Sales Department Overview
 - iii. Sales Update
 - iv. Citywide Site Inspection Highlights

5. ACTION ITEMS

- a. Policy Recommendations for the Los Angeles Convention Center

6. ADJOURNMENT

NOTICE TO PAID REPRESENTATIVES

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code 48.01 et seq. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 987-1960 or ethics.commission@lacity.org.

Materials related to an item on this agenda submitted to the City Tourism Commission 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.

Item 3a

Approval of the

March 15, 2023 Minutes



CITY TOURISM COMMISSION

Regular Meeting Minutes

March 15, 2023

The Board of City Tourism Commissioners (Board) convened a regular meeting on Wednesday, March 15, 2023 at 9:00 a.m. in the Tom Fields Board Room at 1201 S. Figueroa St, Los Angeles, CA 90015.

PRESENT:

President Jon F. Vein
Vice President Otto Padron
Commissioner Sandra Lee
Commissioner David Stone
Commissioner Germonique Ulmer

ABSENT:

None

PRESENTERS:

Ben Zarhoud, ASM
Doane Liu, CTD
Kim Nakashima, CTD
Darren Green, LATCB

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:04 a.m.

Item 2a. Public Comment

None

Item 2b. Neighborhood Council

None

Item 3a. Approval of the special meeting minutes from February 15, 2023

Commissioner Ulmer requested that the January 18, 2023 minutes reflect that the meeting was held in person at 1201 S. Figueroa St., Los Angeles, CA 90015 and was not a Zoom meeting.

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 Connie Llanos of LADOT, Councilmember McOsker and Jeanne Min of CD15, Tourism Advocacy Day planning with stakeholders, Charlie Howe of the US Golf Assoc., Councilmember Soto-Martinez, Deputy Mayor Freeman for CTD orientation and LACC tour; attending the CTD Budget meeting, Citywide Safety & Security Procedures review, Tourism Cabinet meeting, LASEC - WWE breakfast; calls with Javier Cano and Jessica Lall regarding the DTLA Narrative Project, Heather Rozman of the LA Hotel Assoc., Cole McKeel of the Huddle Up Group, and participated in the Career Academy.

Item 4b. ASM Monthly Update

Mr. Ben Zarhoud reported on 18 events during January 2023 including 13 local events with 51,068 total number of attendees and four filming/parking, as well as the Sales & Marketing activities. Mr. Zarhoud presented the financial data for January reporting an operating surplus of \$0.6M and \$4.6M in gross revenue, driven by 18% of F&B, 32% rent, and 35% parking, noting that campus activity is increasing with 24 events at Crypto.com Arena. Mr. Zarhoud also reported \$1.7M in operating expenses, noting that maintenance costs are expected to increase over the next few months. Mr. Zarhoud also reported January's exhibit hall occupancy as 63%, driven by College Football and Fit Expo, noting that occupancy is trending up year-to-date even though the total event count is lagging.

Item 4c. LATCB Monthly Update

i. Sales Update

Mr. Darren Green reported that LATCB has processed 99 leads year-to-date and booked 177,007 room nights, with year-end goals of 130 leads and 225,760 projected room nights, noting that 2023 room nights exceed 2019 room nights generated. Mr. Green reported that while future bookings are pacing well, 2026 and beyond expects to see erosion due to construction delays, LA may lose Cancer Research and Chiefs of Police conventions..

ii. Business Connect Platform

Mr. Green presented an overview of LA Business Connect which is a supplier diversity program allowing marginalized businesses to participate in the bidding process for servicing convention clients needs.

iii. LA 2.0 Highlights

Mr. Green presented the LA 2.0 Highlights including: infrastructure; arts & culture; LA's decade of sports; culinary; and theme parks & attractions.

iv. 100th Anniversary

Mr. Green presented a pictorial of landmarks, attractions, and more, celebrating their 100th anniversaries, noting that LA is on the cutting edge of what's new but has a rich history.

v. Upcoming Key Sales Dates

Mr. Green provided an overview of LATCB's upcoming sales activities.

Item 5a: Los Angeles Tourism & Convention Board FY 2023-24 TOT Budget

Ms. Kim Nakashima presented the LATCB FY 2023-24 TOT budget for the Board's consideration. Ms. Nakashima provided LATCB background and functional overview as well as provided key industry metrics, LA TOT data, and a breakdown of the TOT fund, and LATCB resources and TOT budget allocations. Mr. Nakashima reviewed the 2022-23 deliverables and 2023-24 focus. Mr. Nakashima stated the staff recommends that the Board approve the LATCB FY 2023-24 TOT Budget for inclusion in the Mayor's 2032-24 Proposed Budget.

THE BOARD UNANIMOUSLY APPROVE THE LATCB FY 2023-24 TOT BUDGET

ADJOURNMENT

The meeting was adjourned at 9:53 a.m. without objection.

Item 4a

Executive Director's Report



Item 4b

ASM Update



LOS ANGELES CONVENTION CENTER MONTHLY UPDATE FOR

MARCH 2023

BEN ZARHOUD



LACC MARCH 2023 EVENTS

MAR
02

UNITE HERE LOCAL 11
1,030

MAR
10

HOPE LATINA HISTORY DAY
1,300

MAR
14 - 15

FUTURE GREEN LEADERS SUMMIT
2,000

MAR
03-05

THE BEST YOU LA EXPO 2023
1,500

MAR
10 - 12

ABILITIES EXPO
7,600

MAR
16 - 17

HIV EPIDEMIC WORKFORCE
599

MAR
04

GLAMOUR GOWNS AND SUIT UP
500

MAR
10 - 12

VICTORY GYMNASTICS
5,000

MAR
21 - 23

OUTER EDGE
3,000

MAR
05

CA BRIDAL & WEDDING EXPO
2,000

MAR
12 - 17

2023 HERBALIFE HONORS
3,100

MAR
26 - 29

ASCE GEO CONGRESS
1,400

TOTAL
ATTENDEES

29,029

- *CITYWIDE
- *CONSUMER SHOW
- *ASSEMBLY
- *TRADE SHOW
- *MEETING

LACC MARCH 2023 EVENTS

HERBALIFE HONORS



HOPE LATINA HISTORY DAY



ABILITIES EXPO



OUTER EDGE LA



LACC MARCH 2023 FILMING & PARKING

DATES	NAME	LOCATION	AMOUNT
Feb. 28 – Mar. 02	CABI	Kentia Hall	\$20,404
Mar. 05	Deloitte Commercial	South Lobby, GLP, Kentia, 300 MR's	\$29,645
Mar. 08 - 09	Good Trouble	Figueroa Dr., GLP	\$19,876
Mar. 16	Ford Escape Social Shoot	Venice Garage, Pico Dr.	\$7,116
Mar. 17	Massage Envy	Wes Hall B South Plaza, Pico Dr.	\$9,551
Mar. 20 – 22	Good Trouble	Venice Garage	\$10,500
Mar. 29 – 30	SWAT	Kentia Hall, Bond Lot	\$12,000
		TOTAL:	\$109,092

SALES & MARKETING ACTIVITIES

LICENSED:

EVENT	DATES	TYPE
Moxy & AC Hotel New Hires Event	Mar. 8 and Mar. 14, 2023	Meeting
CURIS Consulting	Mar. 27 - 28, 2023	Meeting
WrestleMania Fan Fest	Mar. 30 – Apr. 3, 2023	Citywide
Franchise West Expo	Apr. 12 – 13, 2024	Trade Show
LA Dept. of Mental Health	May 23, 2023	Assembly
Inner Engineering	Jun. 24 – 25, 2023	Consumer Show
SIGGRAPH	Aug. 6 – 10, 2023	Citywide
Taekwondo Championship	Aug, 26, 2023	Consumer Show
Net Zero Conference	Sept. 14, 2023	Trade Show
TheFitExpo 2024	Jan. 20 – 1, 2024	Consumer Show
Oddities & Curiosities Expo	Jan. 20 – 21, 2024	Consumer Show

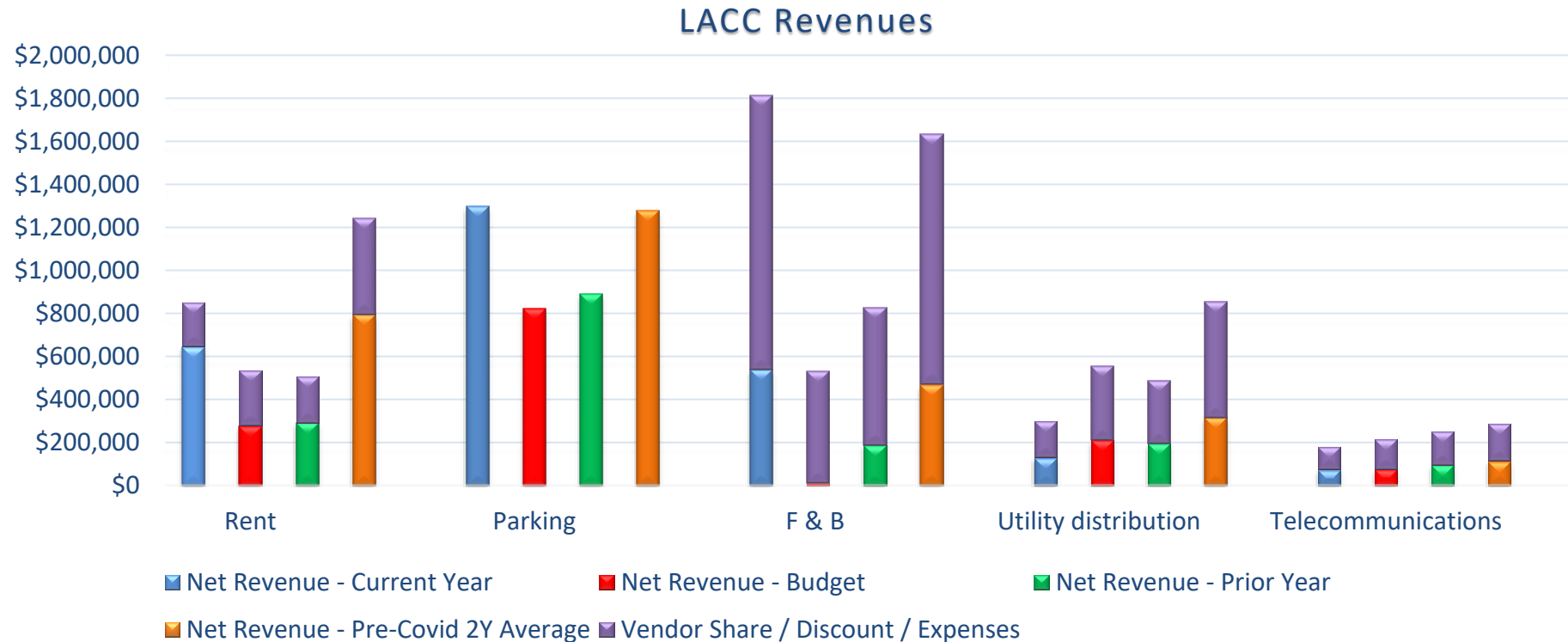
LACC MARCH 2023 FINANCIALS

OPERATING SURPLUS (LOSS):

- \$0.9 million (before approved City Reimbursements, A & I and Capital Projects)
- \$1.3 million above budget
- \$0.3 million above prior year and \$0.2 million below Pre-Covid 2Y average

REVENUES:

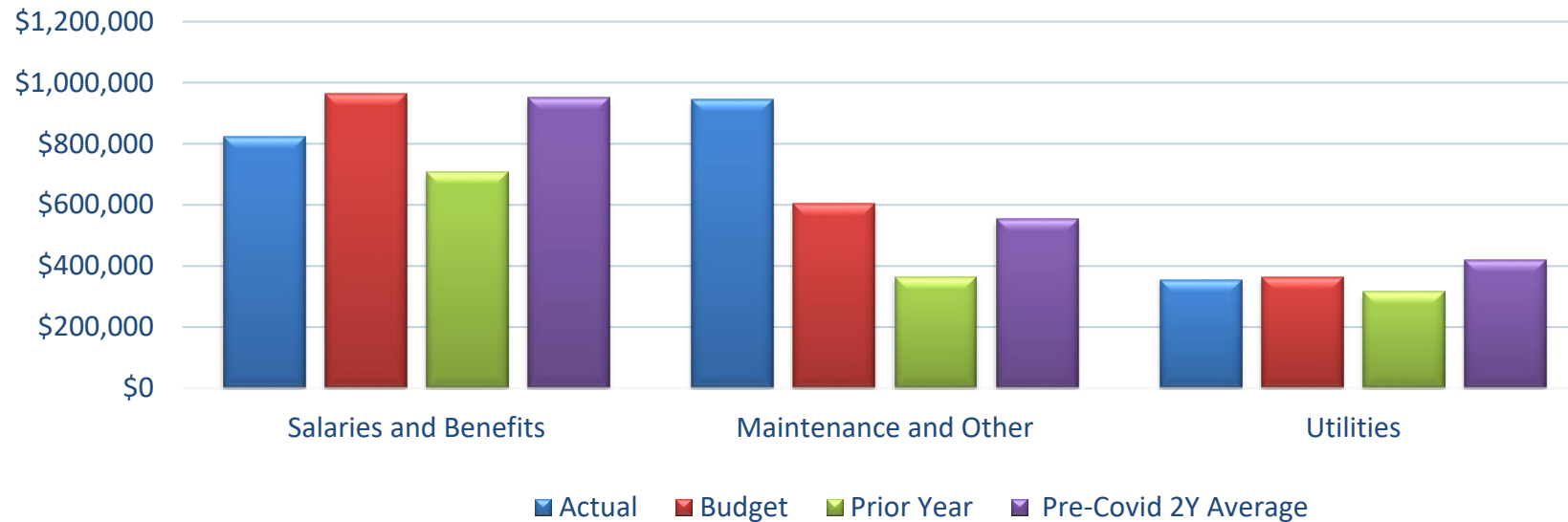
- \$5.0 million gross revenue (before discounts and service provider share)
- \$3.0 million net revenue
- \$1.5 million above budget
- \$1.1 million above prior year and \$0.1 million below Pre-Covid 2Y Average



LACC MARCH 2023 FINANCIALS

OPERATING EXPENSES:

- \$2.1 million (before approved A & I, Capital Projects, and City reimbursement)
- \$0.2 million above budget
- \$0.7 million above prior year and \$0.2 million above Pre-Covid 2Y Average



CITY REIMBURSEMENT – \$0.1 million

Capital and Alterations & Improvements

LACC MARCH 2023 OCCUPANCY

Exhibit Hall Occupancy

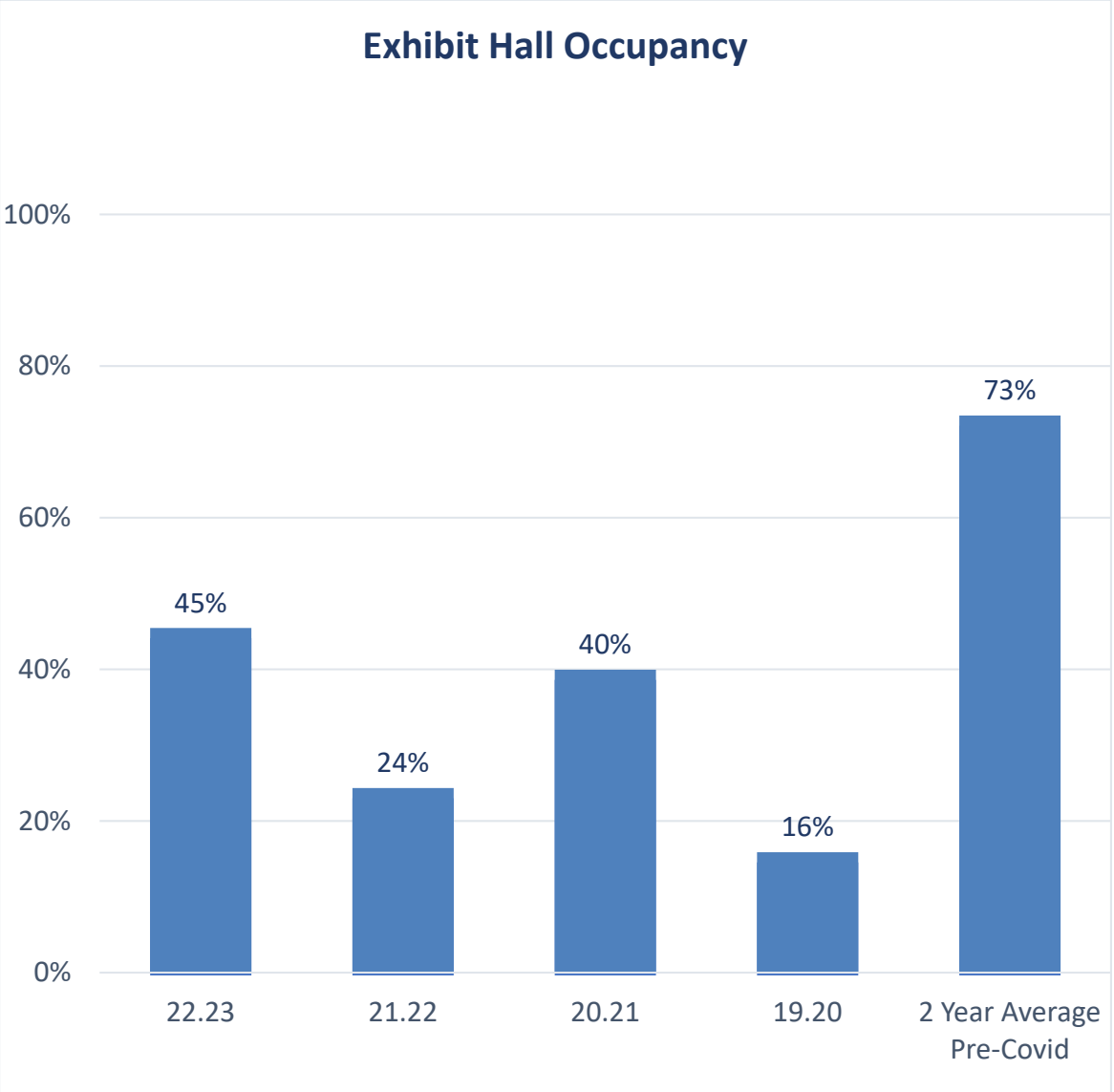
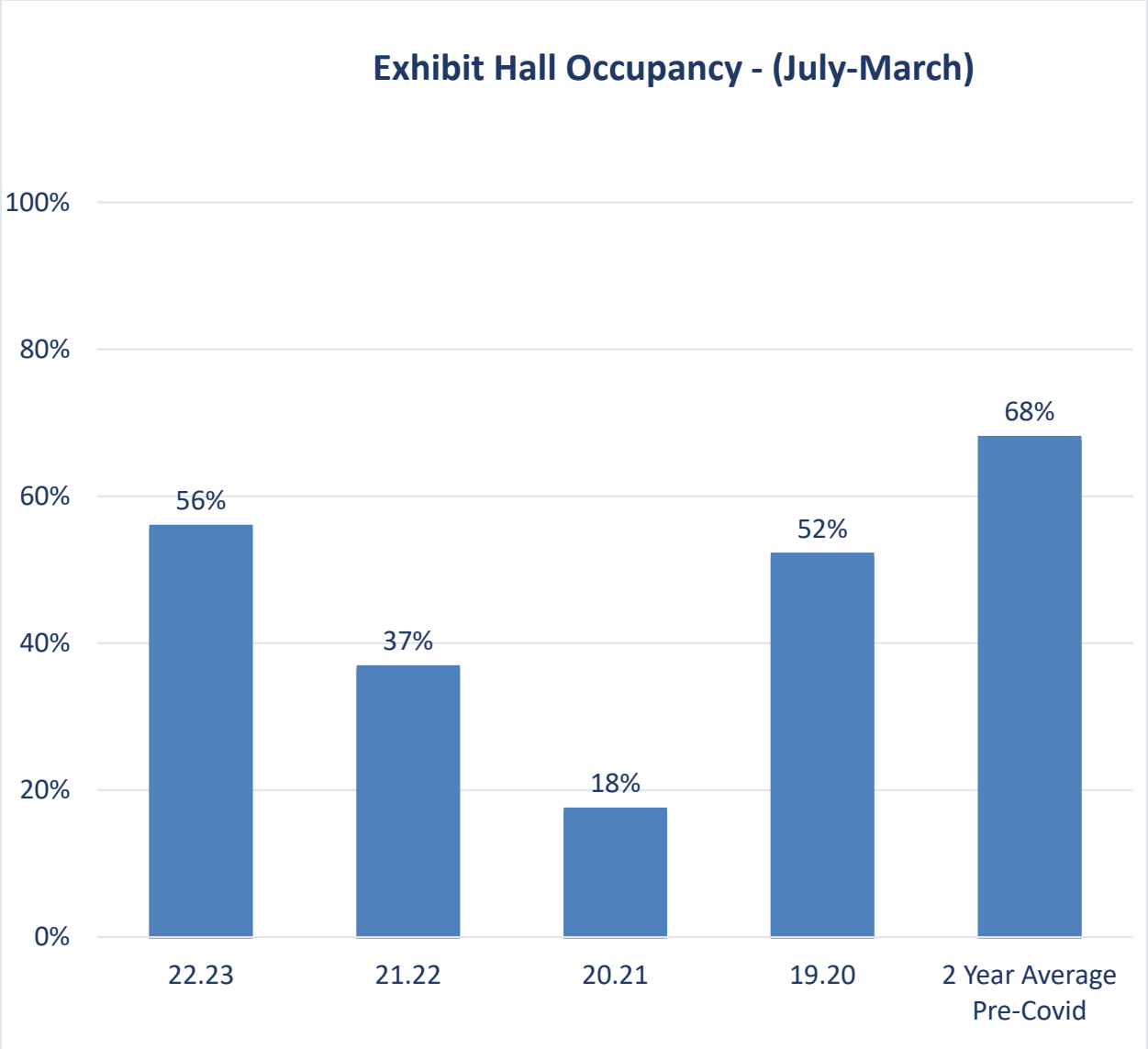


Exhibit Hall Occupancy - (July-March)



Item 4.c.i

LATCB Overview

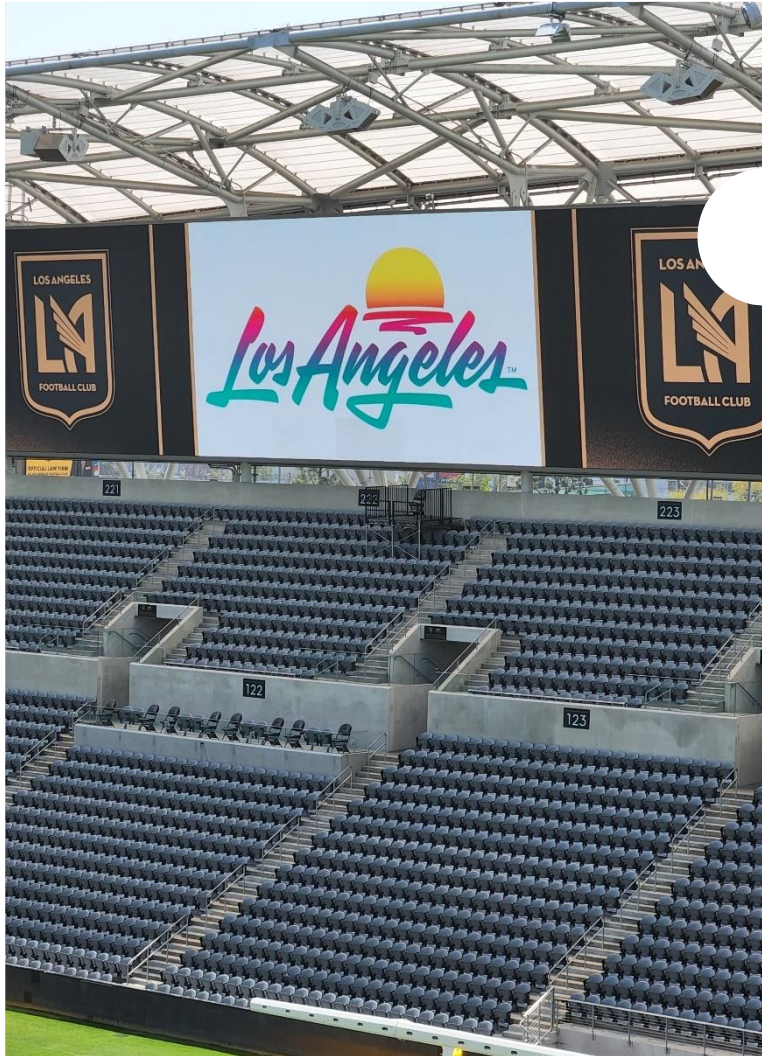


CTD Board of Commissioners

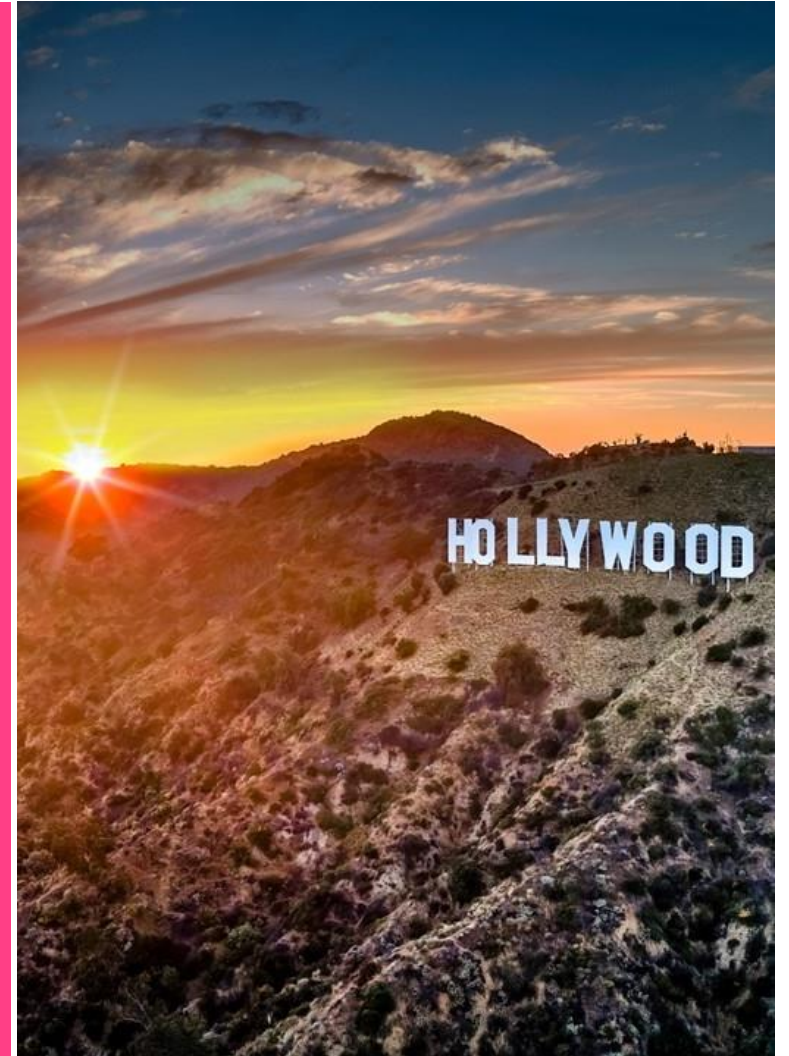
May 25, 2023



Los Angeles Tourism & Convention Board



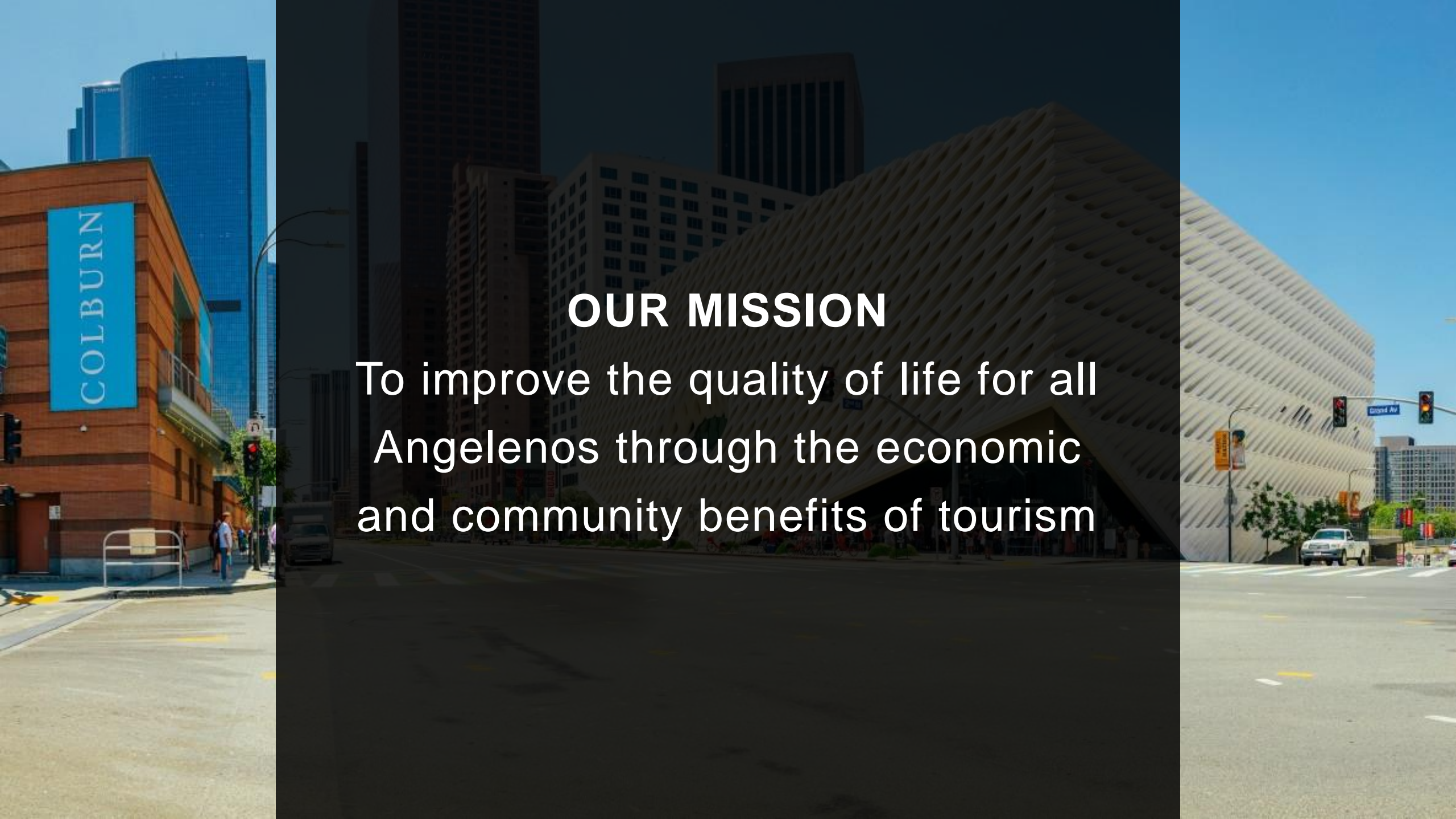
WHO WE ARE



FOR OVER 40 YEARS

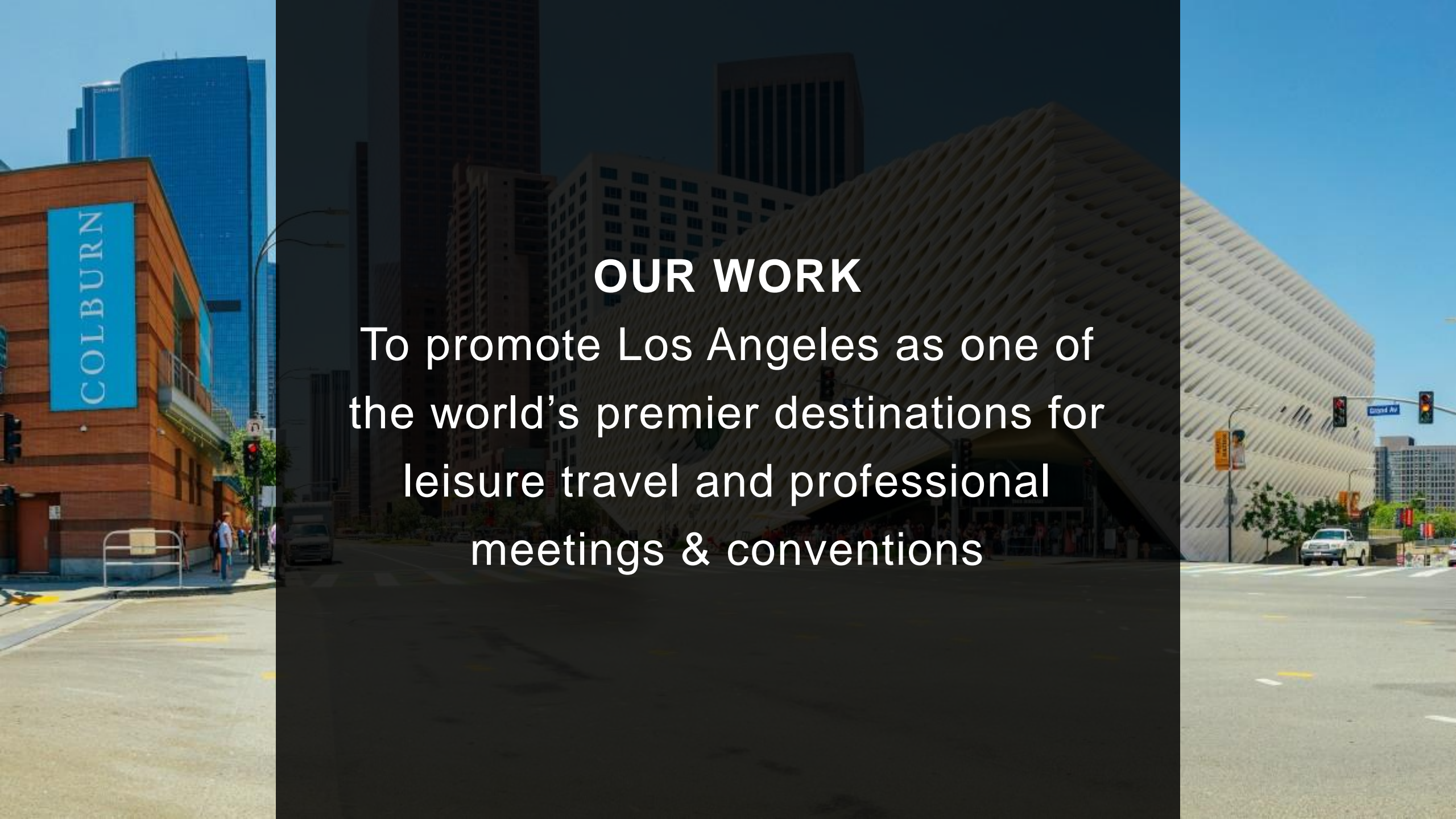
The official
tourism marketing &
sales organization for
the City of Los Angeles





OUR MISSION

To improve the quality of life for all Angelenos through the economic and community benefits of tourism

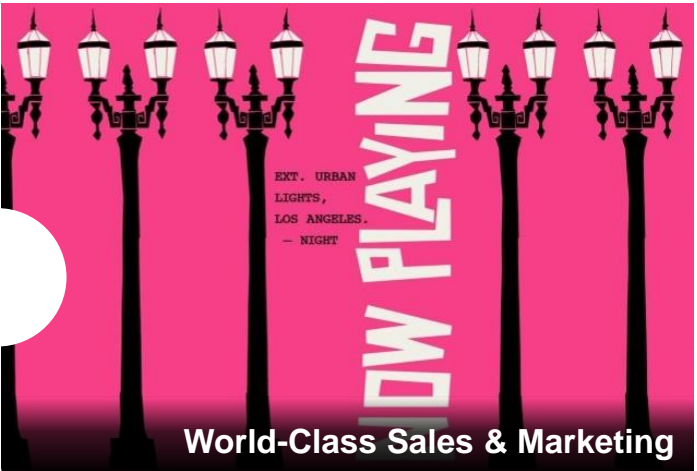


COLBURN

OUR WORK

To promote Los Angeles as one of the world's premier destinations for leisure travel and professional meetings & conventions

ORGANIZATIONAL PILLARS



NONPROFIT TRADE ASSOCIATION

OVER 1,000 MEMBERS STRONG



SENIOR LEADERSHIP TEAM AND ORGANIZATIONAL STRUCTURE



Adam Burke
President & CEO



Darren Green
Chief Sales Officer



Patti MacJennett
Chief Stakeholder Officer



Don Skeoch
Chief Marketing Officer



Carolyn Steffen
Chief Financial Officer

ORGANIZATIONAL STRUCTURE

SALES & SERVICES

- Citywide Convention Sales
- Hotel Sales
- Client & Destination Services
- Sales Marketing
- Sales Operations

MARKETING

- Brand & Digital Marketing
- Global Communications
- Global Tourism Development
- Product Marketing
- Tourism Insights

BUSINESS OPERATIONS

- Finance & Accounting
- Human Resources
- Technology Solutions
- Risk Management
- Business Intelligence

STAKEHOLDER RELATIONS

- Membership
- External Affairs
- Industry Relations
- Board Governance
- Contract Oversight



UNMATCHED GLOBAL FOOTPRINT

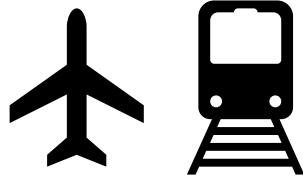
A TRUE COMPETITIVE ADVANTAGE



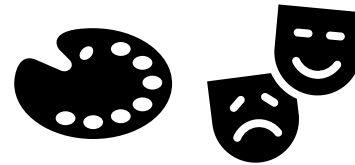
BOARD OF DIRECTORS COMPOSITION



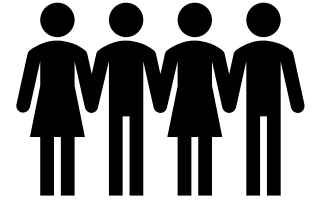
Hotels/Lodging



Transportation



Arts & Culture



Community



Finance



Culinary/Retail



Entertainment



Theme Parks

TOURISM BUILDS COMMUNITIES

EMPLOYMENT DATA AS OF APRIL 2023



528,200
TOURISM RELATED
CAREERS



5TH LARGEST
EMPLOYER IN LOS
ANGELES COUNTY

TOURISM BUILDS COMMUNITIES

2022 ECONOMIC IMPACTS



46.2MM

**VISITORS TO LOS
ANGELES COUNTY**



\$21.9B

**IN DIRECT
VISITOR SPENDING**



\$34.5B

**IN TOTAL
BUSINESS SALES**

TOURISM BUILDS COMMUNITIES

2022 TAX IMPACTS



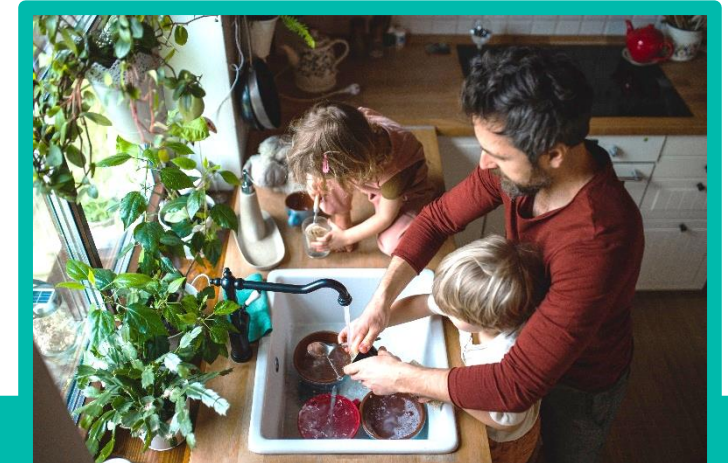
\$3.0B

IN STATE/LOCAL
TAX REVENUES



\$286MM

TO CITY'S GENERAL
FUND (FY22-23 F/C)



\$893

IN ANNUAL HOUSEHOLD
TAX SAVINGS

LEISURE VS. GROUP

TOTAL 2019 ECONOMIC IMPACT



\$30.7
Billion



\$23.6
Billion



SEVEN DISTINCT REGIONS

- Beach Cities/LAX
- Downtown
- Hollywood
- Mid-City
- South Los Angeles
- The Valley
- Westside

GROUP SALES/
PILLARS/ SELLING
PROPOSITIONS

UNCONVENTIONAL
VENUES



TALENT &
INTELLECTUAL
CAPITAL



VARIETY

CONNECTIVITY



Item 4.c.ii

Sales Department Overview



SALES & SERVICES LEADERSHIP TEAM



Darren Green
Chief Sales
Officer



Kathy McAdams
Sr. Vice President
Convention Sales

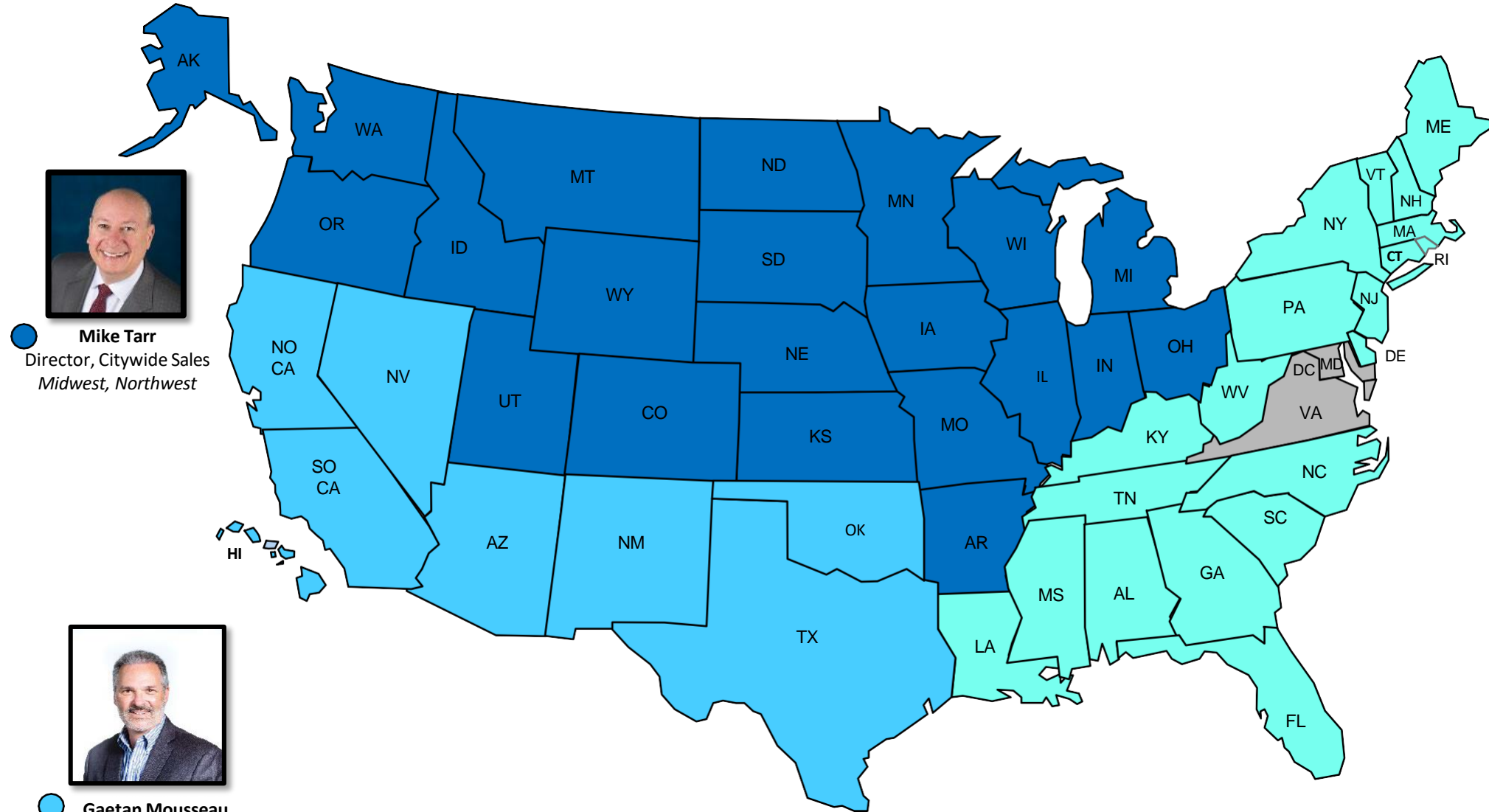


Bryan Churchill
Sr. Vice President
Hotel Sales



**Jacques
Chargois**
Sr. Director Sales
Operations

CITYWIDE SALES TEAM



Mike Tarr
Director, Citywide Sales
Midwest, Northwest



Kathy McAdams
Sr. VP, Citywide Conventions
Sales
*Signature Accounts
Major Sporting Events*



Mary Gallagher
Vice President, Citywide Sales
DC, MD, VA



Gaetan Mousseau
Director, Citywide Sales
California, Southwest



Larisa Faust
Director, Citywide Sales
*North East, South East,
SPJA/Anime*



HOTELS ALES TEAM



Carolyn Muller Brown
National Director, Hotel Sales
NorCal, Pacific Northwest,
Mountain States



Cory Abke
National Director, Hotel Sales
SoCal, South



Anna Kim
National Director, Hotel Sales
Los Angeles, SoCal,
International MICE



Tiffany Deang
Director, Hotel Sales
Los Angeles, SoCal
Entertainment/Luxury



Karen Strgacich
National Director, Hotel Sales
SoCal, Southwest



Heather Miller
National Director, Hotel Sales
Midwest



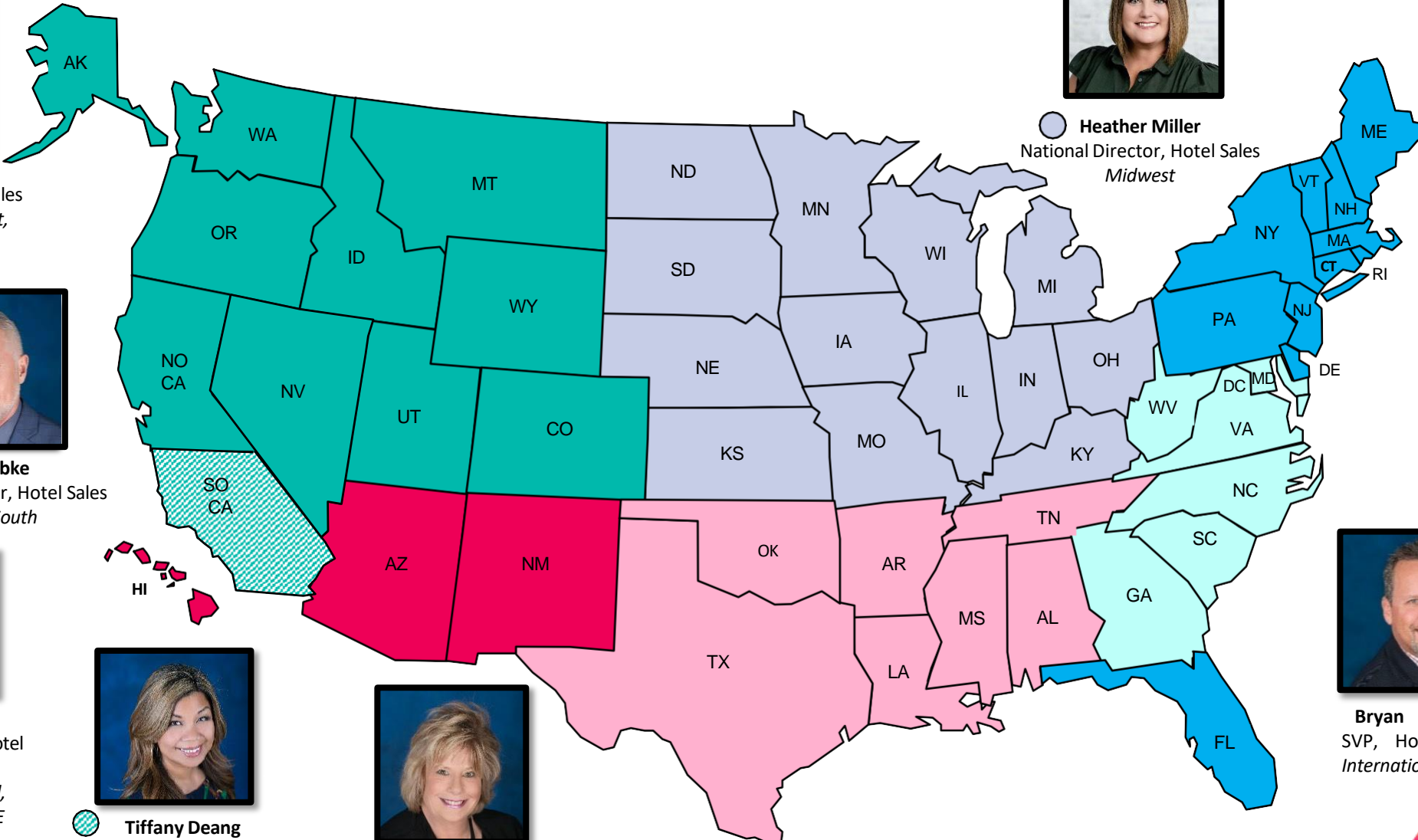
Ann Janes-Quinn
National Director, Hotel Sales
Northeast & Florida



Angie Martin
Senior Director, Hotel Sales
Mid-Atlantic



Bryan Churchill
SVP, Hotel Sales
International MICE



Item 4.c.iii
Sales Update



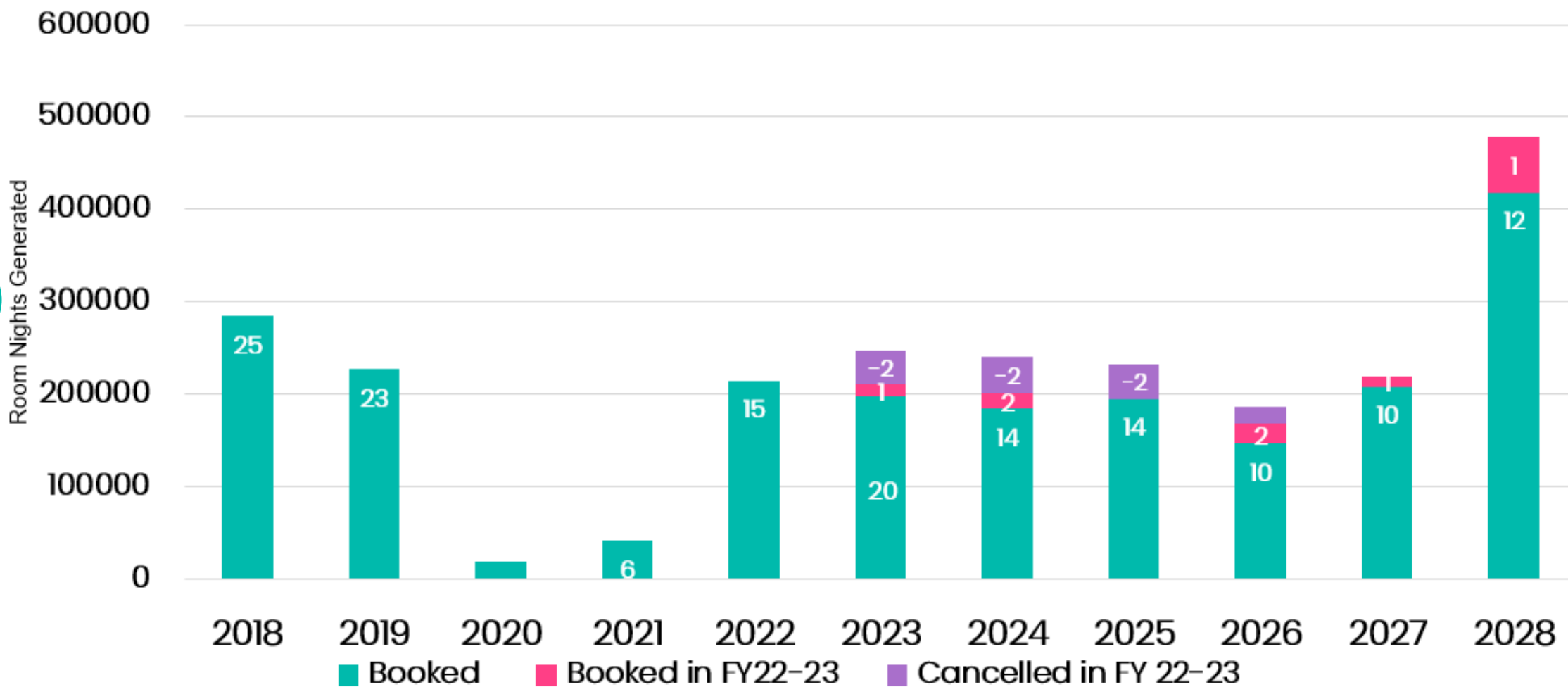
CITYWIDE CONVENTION SALES

YTD FY22/23 PRODUCTION RESULTS

Lead Production	Leads Actual
FY 22/23 Goal	130
FY 22/23 YTD	139
FY 21/22 STLY	96
FY 2017-2019 STLY Average	193

Booked Room Nights Produced	RNs Actual
FY 22/23 Goal	225,760
FY 22/23 YTD	285,812
FY 21/22 STLY	177,390
FY 2017-2019 STLY Average	266,529

CITYWIDE CONVENTION BOOKED ROOM NIGHTS 2018-2028 CALENDAR YEAR ARRIVAL DATE



Dated May 10, 2023



CITYWIDE CONVENTION PIPELINE

YEAR	RNs	Last Update Variance
2023	0	-
2024	50,255	-36,908
2025	177,659	45,802

YEAR	RNs	Last Update Variance
2026	228,224	-5,607
2027	156,624	-18,567
2028	45,880	-



Item 4.c.iv

Citywide Site Inspection Highlights





Citywide Site Inspection Highlights

Darren Green

Chief Sales Officer



Service Employees International Union

SEIU

- Event Name: **2028 Quadrennial Convention**
- Dates of site: **March 23-24, 2023**
- Dates of upcoming event: **May 21-26, 2028**
- Number of room nights: **15,205**



Toyota



- Event Name: **Toyota National Dealer Meeting 2027**
- Dates of Site: **April 19-20, 2023**
- Dates of upcoming event: **August 24-26, 2027**
- Number of room nights: **10,650-14,230**

ASAE and the Center for Association Leadership



- Event Name: **ASAE Annual 2025**
- Dates of Site: **April 24-26, 2023**
- Dates of upcoming event: **August 9-12, 2025**
- Number of room nights: **14,516**



Informa Connect

- Event Name: **Informa Connect Content Marketing World 2024**
- Dates of Site: **May 2, 2023**
- Dates of upcoming event: **September 15-19, 2024**
- Number of room nights: **5,152**



THANK YOU



Los Angeles Tourism & Convention Board

Item 5a

Policy Recommendations for the Los Angeles Convention Center- Board Report #23-002



**POLICY RECOMMENDATIONS FOR
THE LOS ANGELES CONVENTION CENTER
BOARD REPORT #23-002**

**Board of City Tourism Commissioners Meeting
May 25, 2023**



BACKGROUND

- City of Los Angeles owns the Los Angeles Convention Center (LACC)
- The Los Angeles Administrative Code (LAAC) sets the rates for City-owned properties
- The City Tourism Department (CTD) administers additional controls and oversight
- The City has contracted with:
 - The Los Angeles Tourism & Convention Board (LATCB)
 - To market and promote Los Angeles as a destination
 - To book citywide events
 - AEG Management LACC, LLC (ASM Global)
 - To manage the day-to-day operations of LACC
 - To book local events

BACKGROUND

- This Board approved and recommended temporary emergency discounting provisions in 2020 due to the pandemic
- Provisions were approved by Los Angeles City Council in 2021
- These temporary provisions amended by Ordinance 187526 are planned to sunset on December 31, 2024
- Council requested a progress report during Fiscal Year 2022-23 regarding implementation and recommendations moving forward

BACKGROUND

City Tourism Department (CTD) staff considered the following:

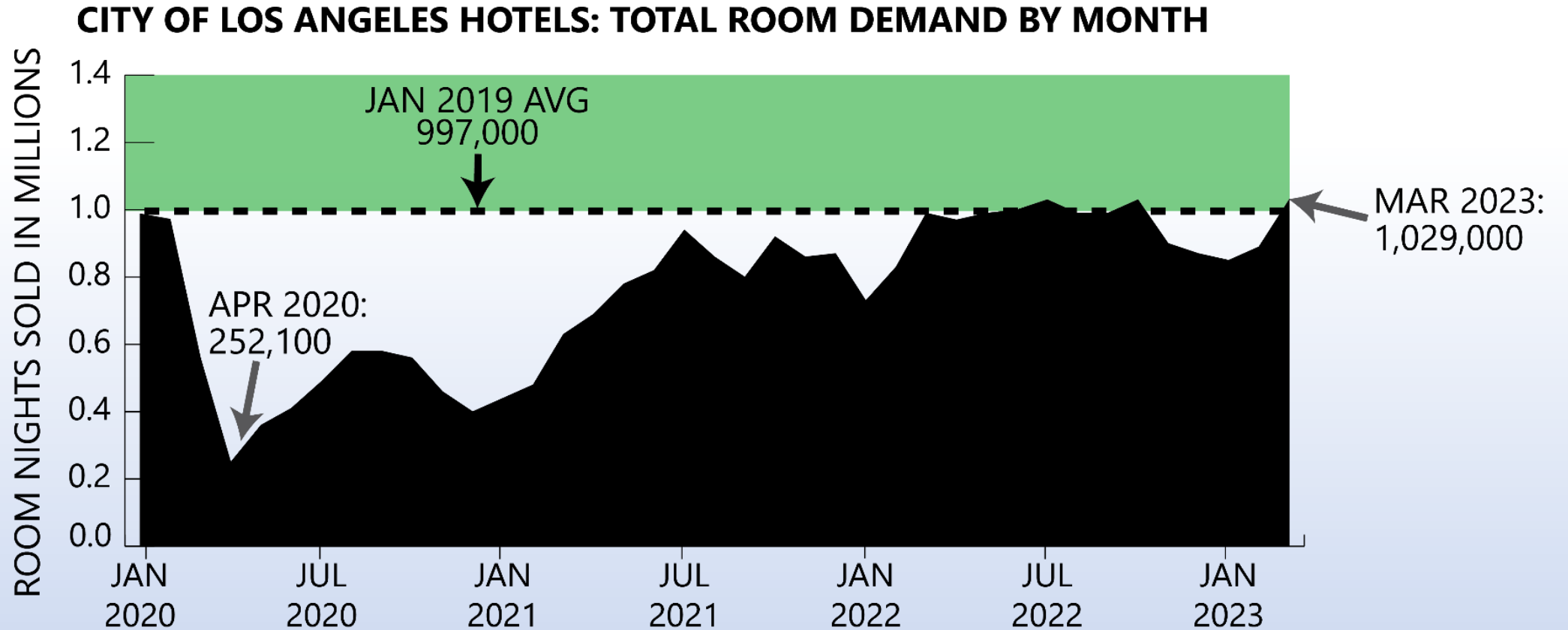
- Current status and future outlook of the local economy
- Events hosted at LACC and related economic benefits
- Feedback from LATCB and LACC sales teams and leadership
- Anticipated challenges and major upcoming events/milestones

LA COUNTY TOURISM INDUSTRY METRICS

	2019	2020	2021	2022
TOTAL VISITORS	50.7M	26.9M	39.9M	46.2M
DOMESTIC VISITORS	43.3M	25.3M	37.5M	41.9M
INTERNATIONAL VISITORS	7.4M	1.6M	2.4M	4.3M
DIRECT SPENDING	\$24.7B	\$9.9B	\$16.0B	\$21.9B
TOTAL ECONOMIC IMPACT	\$37.8B	\$15.2B	\$26.4B	\$34.5B

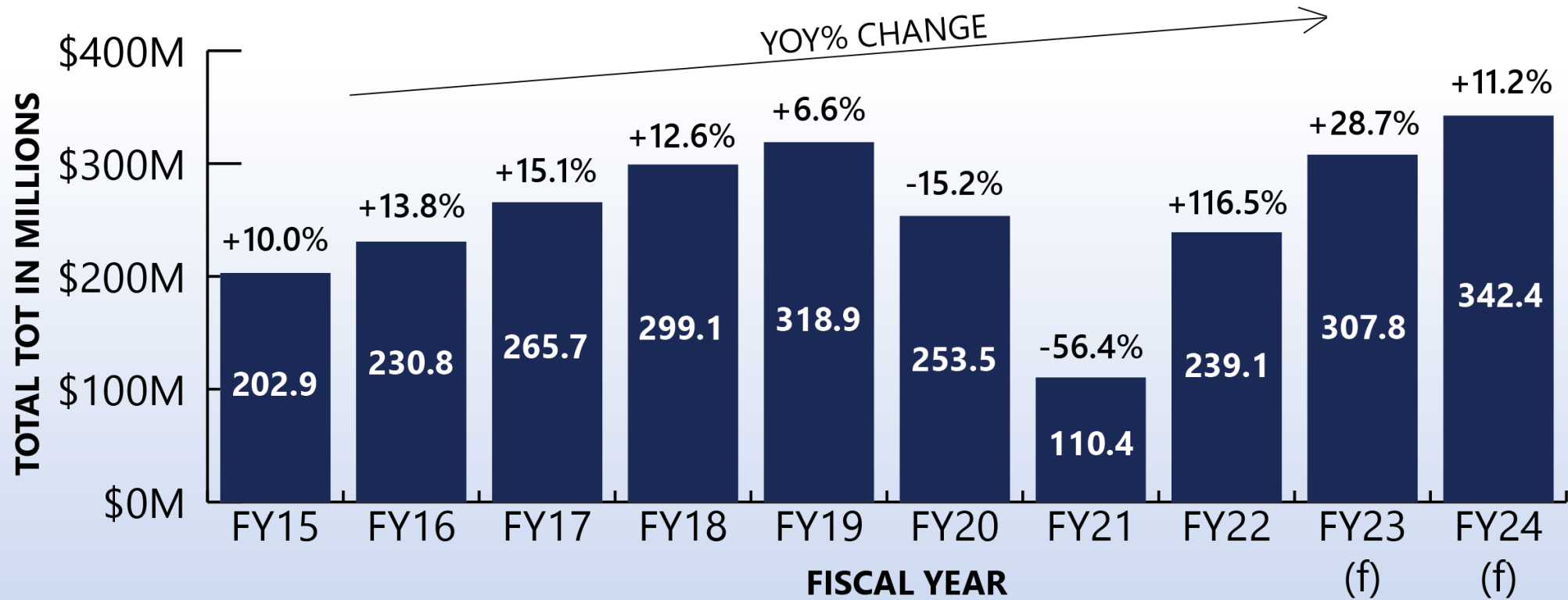
Sources: LATCB/Tourism Economics

LODGING: ROOM NIGHTS SOLD



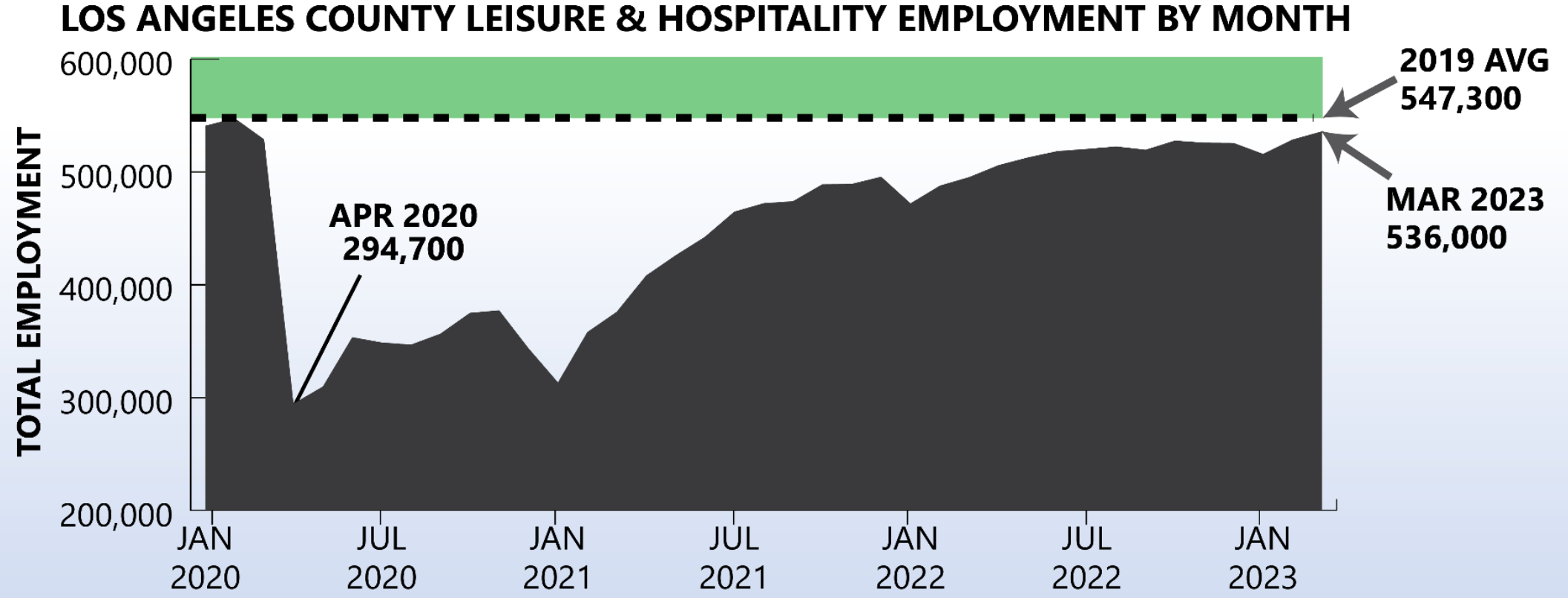
TRANSIENT OCCUPANCY TAX

TRANSIENT OCCUPANCY TAX GENERAL FUND RECEIPTS



Sources: City of Los Angeles Office of Finance; 2023-24 Proposed Budget Revenue Outlook

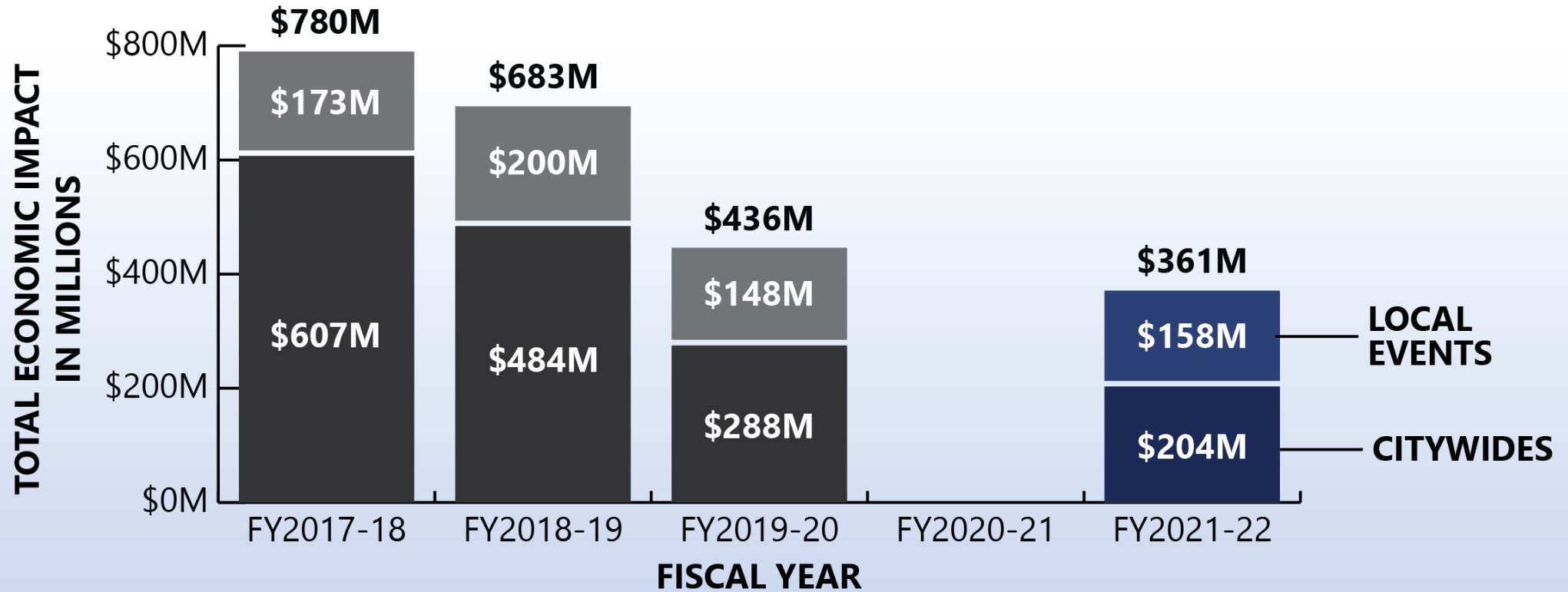
LEISURE & HOSPITALITY EMPLOYMENT



Source: State of California Employment Development Department, as of March 2023

LACC HOSTED EVENTS

ECONOMIC IMPACT GENERATED BY EVENTS HOSTED AT LACC BY FISCAL YEAR



Sources: LATCB, LACC

CURRENT & FUTURE CHALLENGES

- Increasingly competitive market
- Fears of recession/inflation, reductions in business spending, and continuing recovery of international travel
- Uncertainty regarding the Proposed LACC Expansion and Modernization Project
- Anticipated impacts from Expansion Project construction and subsequent ramp up after completion
- Sustained booking calendar interruption due to 2028 Olympic and Paralympic Games

SUMMARY OF RECOMMENDATIONS

- Transition away from pandemic-response language
- Discounting for citywide events
 - Extend ability to offer rent discounts above projected TOT and waive penalties for TOT shortfalls through December 31, 2028
 - Extend ability to waive requirements to qualify as a citywide event through December 31, 2028 and remove requirement for prior qualification
- Discounting for local events
 - Extend ability to offer rent discounts greater than 35% through December 31, 2028

RENT DISCOUNTS ABOVE TOT

PRE-PANDEMIC

- Citywide clients are eligible for discounted rental rates up to the amount of projected TOT
- CTD Executive Director reviews all citywide discount requests

TEMPORARY EMERGENCY PROVISIONS

- CTD Executive Director is granted the ability to approve discounts greater than projected TOT for events hosted through December 31, 2024
- Events with the opportunity to generate economic impact, other sources of revenue and develop future business

RECOMMENDATION

- Extend through December 31, 2028 to retain business through construction and 2028 Olympic and Paralympic Games

WAIVE PENALTIES FOR TOT SHORTFALLS

PRE-PANDEMIC

- When the audited TOT is less than the amount of rent discounted, the client must pay the City the difference

TEMPORARY EMERGENCY PROVISIONS

- CTD Executive Director is granted the ability to waive the shortfall penalty for events hosted through December 31, 2024
- Events with the opportunity to generate economic impact, other sources of revenue and develop future business

RECOMMENDATION

- Extend through December 31, 2028 to retain business through construction and 2028 Olympic and Paralympic Games

WAIVE CITYWIDE QUALIFICATIONS

PRE-PANDEMIC

- To qualify for a citywide rent discount, event must use the LACC, with at least 3,000 room nights, 1,500 on peak, and use at least 3 hotels

TEMPORARY EMERGENCY PROVISIONS

- CTD Executive Director is granted the ability to waive the citywide qualification requirements for events hosted through December 31, 2024
- Events recently met the citywide qualifications during a pre-pandemic year
- Events with the opportunity to generate economic impact, other sources of revenue and develop future business

RECOMMENDATION

- Extend through December 31, 2028 to retain business through construction and 2028 Olympic and Paralympic Games
- Remove requirement for prior citywide qualification

RENT DISCOUNTS FOR LOCAL EVENTS

PRE-PANDEMIC

- The CTD Executive Director can adjust rental rates up to 35% under the Flexible Demand Based Space Rental Pricing

TEMPORARY EMERGENCY PROVISIONS

- CTD Executive Director is granted the ability to approve rental discounts greater than 35% for events hosted before December 31, 2024

RECOMMENDATION

- Extend through December 31, 2028 to retain business through construction and 2028 Olympic and Paralympic Games

NEXT STEPS

1. Action by this Board
2. Matter to be considered by Economic and Community Development Committee
3. Matter to be considered by full Los Angeles City Council and the Mayor
4. City Attorney will draft the ordinance to amend the LAAC, which is then subject to additional review and approval


RECOMMENDATION

THAT the Los Angeles City Tourism Board of Commissioners approve the recommended amendments to the Los Angeles Administrative Code as noted in Board Report No. 23-002

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 18, 2023

TO: Board of Los Angeles City Tourism Commissioners

FROM: Doane Liu, Executive Director 
City Tourism Department

**SUBJECT: POLICY RECOMMENDATIONS FOR THE LOS ANGELES
CONVENTION CENTER - BOARD REPORT #23-002**

SUMMARY

In 2020, this Board made recommendations for temporary, emergency discounting provisions for the Los Angeles Convention Center (LACC) to be added to the Los Angeles Administrative Code (LAAC) in anticipation of significant challenges related to the COVID-19 pandemic. These recommendations were then approved by Los Angeles City Council (Council), and Ordinance 187526 amended the LAAC accordingly. During Council's deliberations, City Tourism Department (CTD) staff was requested to provide a progress report during Fiscal Year 2022-23 regarding the implementation of the amendments and an evaluation of whether the temporary provisions should be continued.

Upon considering the local and citywide events that have been hosted at the LACC during Fiscal Years 2021-22 and 2022-23 along with the future outlook, the temporary emergency discounting provisions accomplished the desired goal of booking and hosting events in Los Angeles during a significantly volatile and unprecedented span of time in history. In light of current conditions and anticipated challenges moving forward, CTD staff is recommending that the Los Angeles City Tourism Board of Commissioners (Board) approve the extension of these temporary discounting provisions beyond the current sunset date of December 31, 2024 in order to generate revenue for the City and continue to provide vital support to the Los Angeles economy.

BACKGROUND

The tourism industry has made significant progress in its recovery in Los Angeles, from reaching 91 percent of pre-pandemic levels of visitation and 89 percent of visitor spending to record-high levels of average daily rate (ADR) in local hotels. As of March 2023, leisure and hospitality employment in Los Angeles County was just two percent below calendar year 2019's average. City of Los Angeles (City) transient occupancy tax (TOT) dropped by 65 percent at its lowest point during Fiscal Year 2020-21 compared to the record-breaking high of \$318.9 million in Fiscal Year 2018-19. TOT during this current Fiscal Year is projected to recover 95 percent of that loss, and Fiscal Year 2023-24 is projected to surpass pre-pandemic levels. However, the recovery has been uneven and there are several anticipated challenges ahead.

Business and international travel have been slower to recover than domestic leisure visitation. While total visitation to Los Angeles County may reach pre-pandemic levels as early as 2023, it will likely take longer for the business and international segments to reach full recovery. Larger economic considerations, including inflation and recession concerns, are causing businesses to approach travel spending with caution. Prolonged issues with visa processing times continue to add friction to the situation for international travelers. Any steps the City can take to encourage these two market segments to approach pre-pandemic levels will be crucial to support weeknight and Downtown Los Angeles hotel demand as well as increased ADR across the entire region.

Specifically within the convention industry, LACC is now faced with more challenges than before the pandemic. Other destinations have either completed, started or approved expansions and improvements to their respective convention centers, whereas, the City has yet to restart progress on the Proposed LACC Expansion and Modernization Project (Expansion Project). Furthermore, other local event venues and immediate convention center competitors in California are actively vying for LACC's clients. Once the timeline for the Expansion Project is finalized, it may be difficult to keep business booked during the construction period as clients may opt to move elsewhere rather than have to mitigate anticipated impacts from construction. Lastly, the 2028 Olympic and Paralympic Games includes an unusually long period of exclusive use of LACC, which may require rescheduling or even potentially losing key LACC signature clients if they elect to move to another facility.

DISCUSSION

Implementation of Amendments

Of the 11 citywide events hosted during Fiscal Year 2021-22, nine clients (82 percent) had an exception and/or waiver granted under the temporary emergency provisions in order to keep them at LACC, therefore maintaining strong client relationships and increasing the likelihood of repeat business. Of the 85 local events hosted during Fiscal Year 2021-22, just four clients (5 percent) received discounts above 35 percent; these discounts were granted only when determined to be absolutely necessary, and all four events have since hosted subsequent events at LACC during the current Fiscal Year.

Events hosted at LACC during Fiscal Year 2021-22 generated a total of \$28.1 million in operating revenue, including \$5.1 million in rent. Even following a 16-month moratorium on mass-gatherings and large-scale events, the Convention Center team ramped up operations and finished the year with a surplus and without dipping into the LACC Reserve Fund. Total economic impact from LACC activity was over \$300 million, including approximately 115,700 room nights and \$5.5 million in TOT from the 11 hosted citywide events.

Of the 20 citywide events projected for the current fiscal year, just 60 percent have had an exception and/or waiver granted under the temporary emergency provisions, which reflects the strengthening market and relative increase in stability compared to prior year. While total event count and attendance are still below pre-pandemic levels, the trend from

Fiscal Year 2021-22 to Fiscal Year 2022-23 is positive. The temporary emergency provisions have been working as intended by giving the Los Angeles Tourism & Convention Board (LATCB) and LACC appropriate discounting tools and flexibility demanded by the rapidly changing landscape.

As time progresses, the immediate impacts from the pandemic continue to lessen. However, the other challenges previously mentioned will have an increasingly noticeable impact on the sales teams' efforts when booking and retaining future business. Even when originally discussed three years ago, these temporary provisions were also contemplated to assist with keeping business in the building during the anticipated Expansion Project construction period. It will be critical to ensure that the City provides the necessary support and tools to book new business, retain current clients and prevent erosion while maximizing revenue and associated economic impact during these planned and anticipated disruptions. Should LACC fail to generate enough operating revenue to cover expenses and deplete the LACC Reserve Fund, it would become a General Fund liability for any ongoing expenses.

The following recommendations were developed after considering the current circumstances and with feedback from LATCB, which is responsible for booking citywide events, and LACC, which is responsible for booking local events. These recommendations are intended to bridge the period of uncertainty and challenges from now through the 2028 Olympic and Paralympic Games. When appropriate, CTD will implement internal controls as supported by the market in order to maximize rental generation and support quality bookings. These proposed provisions are not meant to result in automatic benefits for all eligible clients as both the LACC sales team and the LATCB sales team are incentivized to maximize revenue generation. Whether to utilize these measures and the extent to which they are applied will be considered on a case-by-case basis and only when absolutely necessary to strategically book and retain business.

Rent Discounts for Citywide Events

The LAAC Citywide Discount Policy grants the CTD Executive Director the ability to waive or discount rent for citywide clients when the anticipated TOT revenues attributed to the event exceed the total amount discounted or waived. The temporary emergency provisions grant the ability to approve rent discounts exceeding the expected TOT generated for citywide events hosted before December 31, 2024. CTD staff is recommending that this provision be extended through December 31, 2028, as this ability could make the difference between a potentially lucrative or beneficial client choosing Los Angeles over another destination in an increasingly competitive environment.

TOT Shortfall Penalty Waiver

The LAAC requires the client to pay the difference if the audited TOT generated by the citywide falls short from the amount of rent discounted. Similar to the previous provision, the ability to grant a client a waiver from the penalty incurred from a TOT shortfall will continue to be a useful tool for negotiating new and return business. While the temporary emergency provisions grant the ability to waive this penalty through December 31, 2024,

CTD staff is recommending that this provision also be extended through December 31, 2028.

Eligibility for Citywide Status

To qualify for a citywide event rent discount, the LAAC requires use of LACC, with at least 3,000 room nights, 1,500 on peak, and the use of at least three hotels. The temporary emergency provisions grant the ability to waive this requirement for events hosted through December 31, 2024. Additionally, these events are required to have recently met the citywide qualifications during a pre-pandemic year. With the future challenges in mind, CTD staff is recommending that this provision be extended through December 31, 2028, and that the stipulation of having met these requirements during a pre-pandemic year be removed. While the booking environment during the Expansion Project construction period is yet to be known, this additional flexibility may allow LACC to maximize its role as an economic engine for the region by focusing on room night generation and bringing in out-of-town visitors, even if the size of these events are relatively smaller.

Rent Discounts for Local Events

The LAAC's Flexible Demand Based Space Rental Pricing allows for adjusting the rental rates up to 35 percent above or below for local events booked by the LACC sales team. The temporary emergency provisions allow for the reduction of rates beyond 35 percent for events to be hosted through December 31, 2024. CTD staff is recommending that this provision be extended through December 31, 2028 as needed to book short term business and maximize local event revenue generation.

RECOMMENDATIONS

Staff recommends that the Board of Los Angeles City Tourism Commissioners approves and forwards a recommendation to the Los Angeles City Council that would request that the City Attorney amend the Los Angeles Administrative Code (LAAC) section 8.149.1, "Rate Adjustment Procedure for Certain Licensees" as follows:

1. Remove reference to the novel coronavirus pandemic and extend the operative end date in subsection C. to December 31, 2028, granting the City Tourism Department (CTD) Executive Director the temporary ability to approve rent discounts exceeding 35 percent for local events hosted at the Los Angeles Convention Center (LACC) through December 31, 2028.
2. Remove reference to the novel coronavirus pandemic and extend the operative end date in subsection E. to December 31, 2028, granting the CTD Executive Director the temporary ability to grant a waiver or exception to the restriction in subsections D.(1), D.(4) and D.(5), for events to be hosted at LACC through December 31, 2028.

Attachment: Los Angeles Administrative Code Section 8.149.1

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