

WELCOME
TO THE
CTD COMMISSION MEETING

OCTOBER 21, 2020



CITY OF
Los Angeles
DEPARTMENT OF
CONVENTION & TOURISM DEVELOPMENT



**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

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.

Regular Meeting
Wednesday, October 21, 2020
9:00 a.m.

Dial in number:
1-669-254-5252
Meeting ID: 160 661 2026

1. **CALL TO ORDER / ROLL CALL**
2. **COMMENTS FROM THE PUBLIC**
 - a. General and Agenda Item Public Comments
To make a public comment, dial the number again, enter the meeting ID#, then press *9. Limit is one minute per speaker, per item.
 - 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 16, 2020
4. **PRESENTATIONS:**
 - a. Angels Landing, MacFarlane Partners
5. **REPORTS:**
 - a. Executive Director Report
 - b. ASM Update
 - c. LATCB Update
6. **ACTION ITEMS:**
 - a. Policy Recommendations for the LACC – Board Report # 20-007
 - b. 2019-20 Earned Incentive Fee & Discretionary Incentive Fee Payments – Board Report #20-005
 - c. 2020-21 Incentive Goals – Board Report #20-006
7. **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.

ITEM 1

Call to Order / Roll Call



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CITY OF
Los Angeles
DEPARTMENT OF
CONVENTION & TOURISM DEVELOPMENT

ITEM 2

Comments from the Public



3

CITY OF
Los Angeles
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CONVENTION & TOURISM DEVELOPMENT

ITEM 3a

Approval of the Minutes



CITY OF
Los Angeles
DEPARTMENT OF
CONVENTION & TOURISM DEVELOPMENT

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

Regular Meeting Minutes
September 16, 2020

The Board of Los Angeles Convention and Tourism Development Commission (Board) convened a regular meeting on Wednesday, September 16, 2020 at 9:00 a.m. via Zoom.

PRESENT:

President Jon F. Vein
Commissioner Noel Hyun Minor
Commissioner David Stone

ABSENT:

Vice President Otto Padron
Commissioner Bricia Lopez

PRESENTERS:

Ellen Schwartz, ASM
Ben Zarhoud, ASM
Doane Liu, CTD
Tigran Avetisyan, CTD
Victoria Wigle, CTD
Adam Burke, LATCB
Darren Green, LATCB
Kathy McAdams, LATCB
Bruce McGregor, LATCB

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:07 a.m.

Item 2a. Public Comment

None

Item 2b. Neighborhood Council

None

Item 3a. Approval of the regular meeting minutes from August 19, 2020

UNANIMOUSLY APPROVED BY ROLL CALL VOTE

Item 4a. Executive Director Report

Mr. Doane Liu provided an overview of his activities since the last Board meeting, which included: attending Councilmembers Wesson and Price press conference announcing Kobe Bryant Blvd., a Women's Equality day event, the LASEC SoFi Virtual tour, and an

Angel's Landing briefing; meeting with Deputy Mayor Chun; annual performance review with Mayor Garcetti; and providing an update on the hiring freeze and austerity plan.

Item 4b. ASM Monthly Update

Ms. Ellen Schwartz reported that the only activity in July was the Emergency Medical Facility and provided an overview of how LACC employee engagement is pivoting during the pandemic. Ms. Schwartz also reported the LACC was once again awarded LEED Gold-EB and if the pandemic had not resulted in event cancellations they would have received Platinum. Ms. Schwartz noted that Levy's participation in the senior meal program has been extended through October 9, 2020, and that any overage is donated to the Midnight Mission. Mr. Ben Zarhoud presented the financial data for July, reporting an operating loss of \$0.13M for the month, \$1.6M in gross revenue driven by the rent from the EMF and F&B, and \$1.17M in net revenue which is \$1.85M below prior year with parking and F&B being the largest losses. Mr. Zarhoud reported \$1.04M in operating expenses, noting that cost saving measures are paying off. Mr. Zarhoud reported a 29% occupancy rate for July while past years average has been 72%.

Item 4c. LATCB Monthly Update

Mr. Darren Green reported that LATCB processed 21 leads YTD and have booked 63,635 room nights which is down due to planers pivoting and going to virtual hybrid events, with year-end goals of 176 leads and projected 362,725 room nights. Mr. Green reported that 17 of the 2020 events have cancelled or rebooked, and that the reduced sales team is focusing on rebooking clients and that the 17 of the 2021 events still on the books are fluid, noting that Q1 is especially challenging. Ms. Kathy McAdams provided a "Timeline of a Citywide Convention", noting that clients select a host city 2-10 years prior to the event, while securing housing blocks 12-18 months prior to the event. Ms. McAdams noted that pre-pandemic there had been an uptick in registrations with strong room nights and discussed the challenges clients are now facing due to the unknowns, such as travelers booking flights now for first quarter events, but are questioning if LA is "open". Ms. McAdams gave an overview of the 2021 groups noting that the first event is moving to the summer and is one-half the size. Mr. Bruce McGregor reported on roomnights leads since March 2020 noting that June had the fewest room nights but that the numbers were moving upwards for future years and they expect a positive trend going into fall. Mr. Green gave an overview of destination reopenings noting that the majority are in a similar place as Los Angeles. Mr. Adam Burke provided LACTB's plan on managing recovery, noting that the approach is looking at meetings separately from convention and trade shows and includes three phases: stabilization, preparation, and recovery. Mr. Burke reviewed a recovery dashboard which included key indicators and market segments. Mr. Burke also reported that the LALove campaign has the support of local media and has been provided extended coverage.

Item 4d. CIP Update

Ms. Victoria Wigle provided an overview of the CIP projects, including the completed projects and the projects that are in progress or in the planning stage.

Item 5a. LACC Reserve Funds – Board Report #20-004

Mr. Tigran Avetisyan gave an update on the LACC reserve fund, noting that the fund is currently at \$9.1M, while providing the reasons and authorization to use the fund. Mr. Avetisyan described the proactive steps taken by AEG-LACC to reduce spending while increasing revenue and provided the projected uses of the fund. Mr. Avetisyan reported that the information provided and the use of the fund assumes no events at the LACC through the end of FY 2020-21 and the receipt of \$2.7M in June from FEMA reimbursement. Mr. Avetisyan concluded by informing the Board that AEG-LACC will draw from the LACC Reserve Fund as needed during the FY 2020-21 to fund critical operations of the LACC.

Item 6a. Action Items

None

ADJOURNMENT

The meeting was adjourned at 10:06 a.m. without objection.

ITEM 4a

Angels Landing



Angels Landing

Project Overview

August 12, 2020



Presentation Contents



 **THE PEEBLES CORPORATION**
REAL ESTATE INVESTMENT AND DEVELOPMENT

Angels Landing Partners, LLC

MacFARLANE PARTNERS

Claridge Properties
New York | Los Angeles



Victor MacFarlane



Don Peebles



Project Portfolio – Iconic Examples

- LA Live - MacFarlane & AEG – Los Angeles
- The Royal Palm Hotel – Peebles – Miami
- Park Fifth – MacFarlane – Los Angeles
- Courtyard Washington – Peebles - DC
- Time Warner Center – MacFarlane – New York
- The Residence at the Bath Club – Peebles – Miami

Urban Context

Density & Connectivity

- Connects Bunker Hill and Historic Core
- Enlivens site with high-density, transit-oriented, mixed-use development
- Expands the City's economic base
- Transforms key parcel in DTLA
- Integrates Metro Pershing Square Station





Project Site Location

Adjacent to Metro
Pershing Square
Station, Angel's Flight,
Bunker Hill, Historic
Core & Cal Plaza

Project Characteristics

Mixed-Use Development with Two Towers (63 and 42 stories)

1,269,150 sq. ft. of development on 97,631 sq. ft. Site

Approximately 13:1 FAR per Bunker Hills Specific Plan

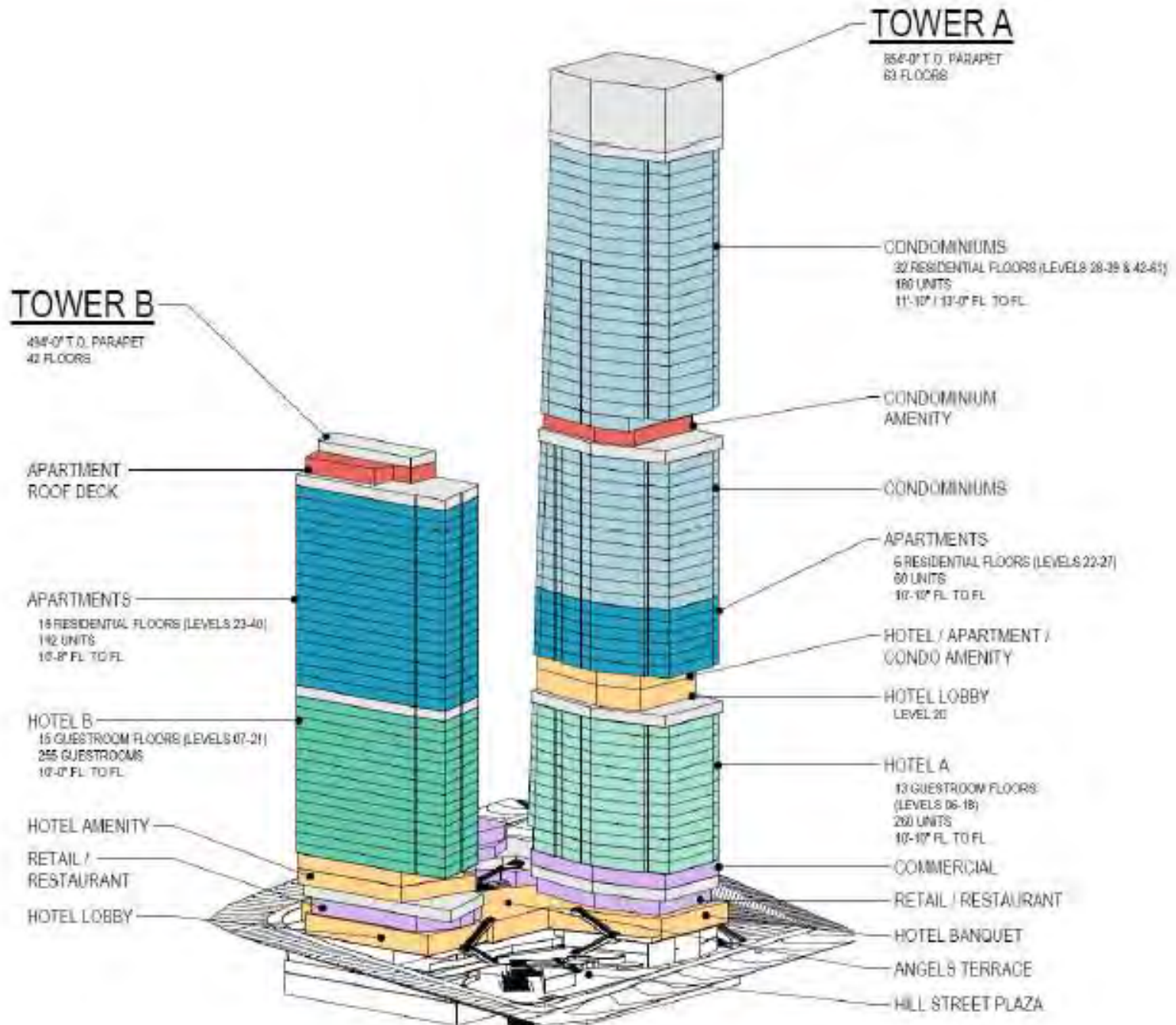
Hotel A: 260 Rooms

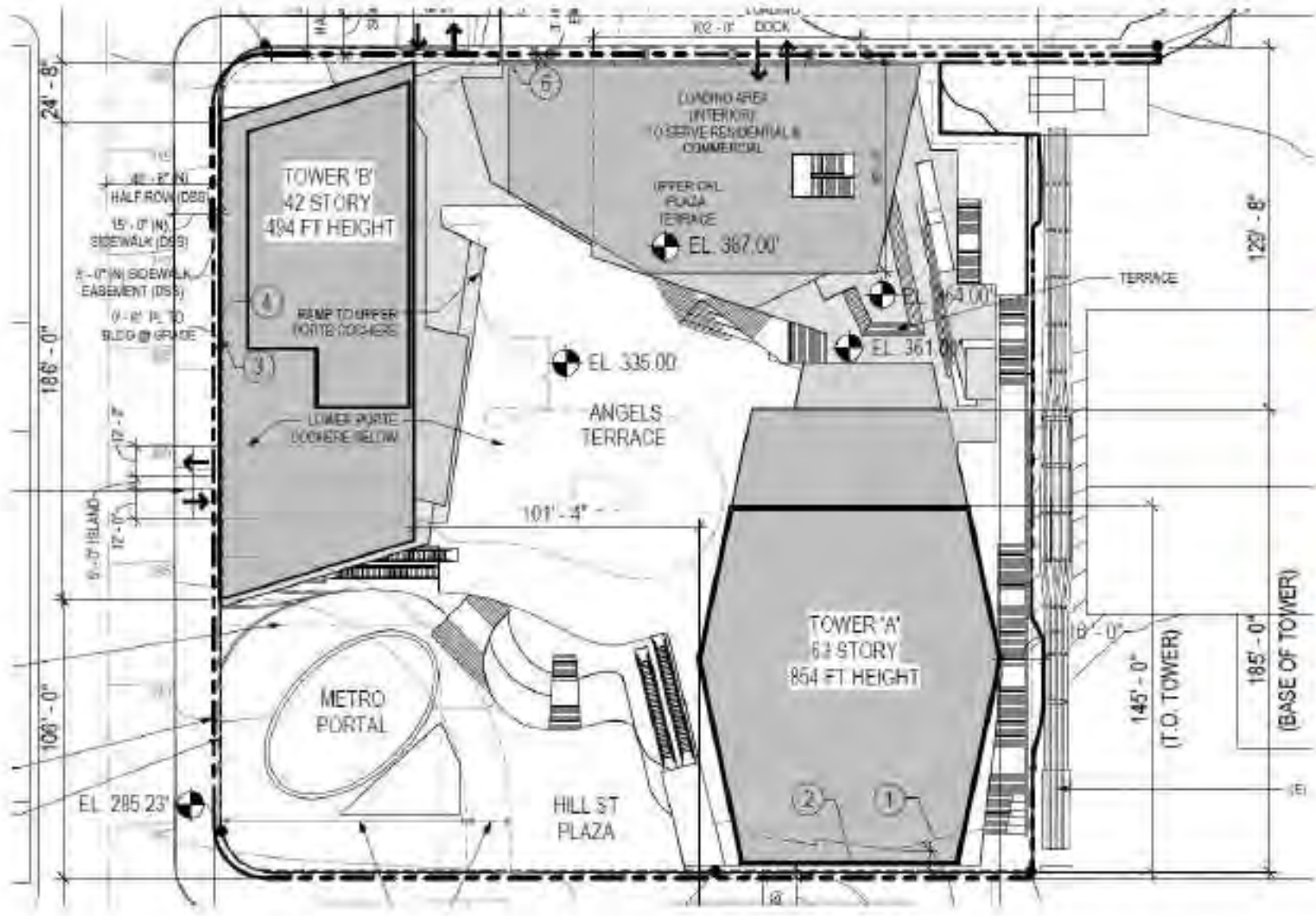
Hotel B: 255 Rooms

Residential: 180 For-Sale Condo Units and 252 Apartment Units

Commercial/Retail/Civic Uses: 72,091 sq. ft.

Amenities: Plazas, Open Space, Meeting Rooms, Ballrooms, Restaurants, Fitness and Spa Facilities, Sky Lobbies, Pools, Bars





Site Plan



Open Space
Terraces &
Landscaping

Entitlements & Agreements

Project Permit Compliance - Bunker Hill Specific Plan

Director's Determination for Alternative Compliance

Master Conditional Use Permit - Alcohol

Conditional Use Permit - Live Entertainment

Development Agreement

Community Benefits – Diversity Program & Education

Vesting Tentative Tract Map

Purchase and Sale Agreements (Option Agreement CRA-City)

Hotel Development Incentive Agreement

Disposition and Development Agreement

Amended Cal Plaza Reciprocal Easement Agreements

Existing
Corner At 4th
and Hill





Existing View
On Hill Street





Existing
Pershing
Square
Station





Existing 4th & Olive





Project Timeline



 THE PEEBLES CORPORATION
REAL ESTATE INVESTMENT AND DEVELOPMENT

PARTNERS
MacFarlane

Project Team

Architecture & Design – Handel Architects

Legal – Sheppard Mullin

CEQA – Eyestone Environmental

Traffic – Gibson Transportation

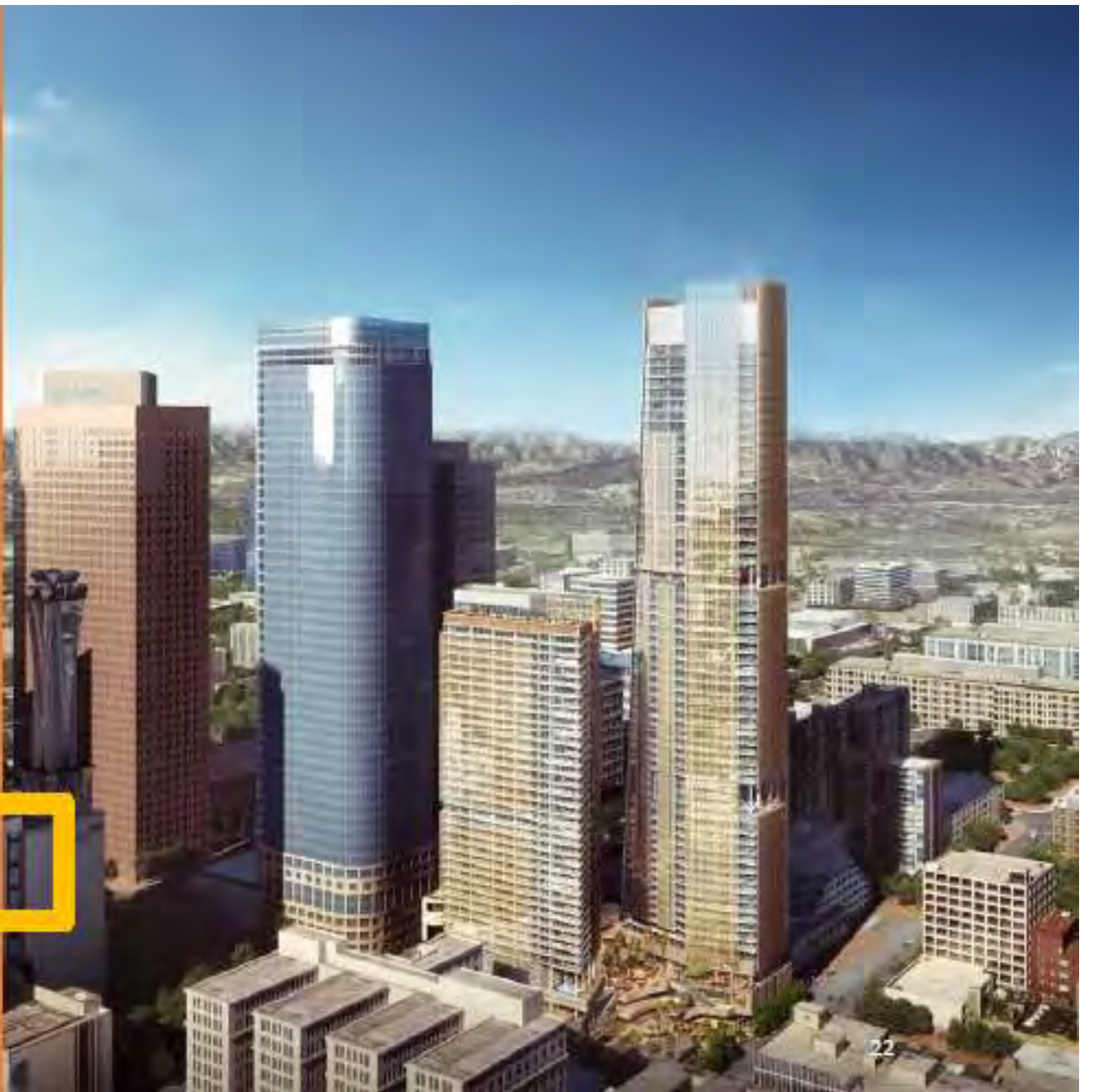
Historic – GPA Consulting

Civil & Mapping – KPFF

Landscape – Olin Landscape Architecture

Community Outreach – Fred MacFarlane

Questions & Answers



ITEM 5a

Executive Director's Report



ITEM 5b

ASM Update



LOS ANGELES CONVENTION CENTER MONTHLY UPDATE FOR

AUGUST 2020

ELLEN SCHWARTZ



ASM GLOBAL INTRODUCTION



BOB MCCLINTOCK

COO and Senior Vice President, Convention Centers ASM GLOBAL

With more than 30 years of experience, Bob oversees the operation of all convention centers within the ASM network. Bob planned and led successful transitions at the Cobo Center in Detroit, McCormick Place in Chicago, the Pennsylvania Convention Center, and all facilities added to the SMG/ASM network since 2010. His efforts have produced more than \$6M in savings to our municipal partners in the first year of operation at those facilities. Bob also heads our corporate support teams for high-impact events like the G-20 Summit in Pittsburgh, the NATO Summit in Chicago, and the World Meeting of Families in Philadelphia. Most recently he led the teams at the 2016 Republican Convention in Cleveland and the Democratic Convention in Philadelphia. Bob has led the development and implementation of ASM Alliance Model for sales coordination.

AUGUST FILMING

<u>DATES</u>	<u>NAME</u>	<u>LOCATION</u>	<u>AMOUNT</u>
Aug. 26 – Sept. 15	Savage Fenty	West Hall AB and North Plaza	\$492,150
			TOTAL: \$492,150



AMAZON ORIGINAL
SAVAGE FENTY
SHOW
Vol. 2



FROM
Los Angeles Convention Center

2019-2020 ANNUAL REPORT



FROM THE GENERAL MANAGER

It is my honor to present you with the sixth Los Angeles Convention Center (LACC) Annual Report. For the better part of the year, we were on track to reach our goals and deliver additional revenues to the city. In March the worldwide COVID-19 pandemic impacted our business more profoundly than anything to date. Nevertheless, I am filled with pride for all we accomplished. As they say, "Tough times don't last. Tough teams do."

This year brought the merger between AEG Facilities and S&D which was finalized in October of 2019. ASM Global, as we are now known, is the world's largest venue management company. The Los Angeles Convention Center is now part of a network of over 300 venues worldwide committed to delivering successful and unforgettable experiences.

The LACC and the Los Angeles Department of Convention and Tourism Development (CTD) continue to enjoy a strong public-private partnership. Since 2013 when the Center was first awarded the contract for private management, we have consistently surpassed goals and established a reputation for success.

This past year was no exception. Despite the COVID-19 disruption, the LACC ended the fiscal year with an operating surplus of \$4.8 million, before reimbursing the City of Los Angeles \$3.9 million for CTD expenses. Staples bond payment and allocation for other city services, \$800,000 of the surplus from previous years was invested into 17 alteration & improvement (A&I) projects during the 2019-2020 fiscal year.

The LACC remains committed to improving sustainability efforts each year. We continue to actively pursue zero waste implementation by creating new solutions to assist in generating less waste. This year's sustainability highlights include diversion of nearly 3M pounds of construction and demolition waste from landfill, recycling 170 tons of cardboard, glass, aluminum, plastic and paper, replacing all faucets with low-flow alternatives saving approximately 700,000 gallons of water annually, creating a Zero Waste checklist for planners to ensure less waste before, during and after their events, establishing new donation partners such as LA LGBT Center, Girl Scouts of

Ayresick, Project 24 and the Salvation Army Center, donating over 200 tons of items and materials, establishing the first Marine Exposure Survey to promote a healthy green building, as well as measuring building satisfaction, carbon footprint, and modes of transportation to the LACC in support of LEED recertification.

On March 15, 2020, Los Angeles Mayor Eric Garcetti issued a "Safe at Home" emergency order calling for the citizens of the City of Los Angeles to remain in their residences to reduce the spread of COVID-19. To comply with public health orders, the LACC closed its doors to public events.

In late March, Levy Restaurants was awarded a contract to prepare meals for home-bound senior citizens throughout Los Angeles. Over time, the number of weekly meals prepared and packaged for the City of Los Angeles "Serving Our Community" initiative grew from about 8,000 to nearly 12,500. Levy was subsequently awarded a contract to participate in Project Room Key, a city program supplying 3 meals per day for people experiencing homelessness who are living in hotels during the pandemic.

In response to the COVID-19 emergency, the LACC was also home to a Field Medical Station (FMS) South Hall. GH was fully equipped to take on patients in the event of a surge at the local hospitals. Although never actually used by patients, the FMS was activated by the medical and law enforcement who were stationed at the facility for one week in early June during protests throughout the City of Los Angeles.

Thank you for your continued support and interest in the LACC. We remain committed to serving our community and the events industry at large. We wholeheartedly look forward to re-opening our doors and getting back to business very soon!

Ellen Schwartz
Ellen Schwartz
General Manager of the
Los Angeles Convention Center



LACC MISSION STATEMENT

To serve the city of Los Angeles by providing exemplary facilities and services to our event producers and attendees and to generate significant economic benefits for the Greater Los Angeles region. Additionally, our goal is to leverage our assets within the Sports and Entertainment District to provide event and entertainment opportunities to our citizens.

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- 32 Encore

SIGNATURE EVENTS

Los Angeles Convention Center (LACC) is proud to offer clients and guests versatile, flexible space capable of accommodating a myriad of events ranging from medical conventions to the most sought-after consumer shows and special events.



ADOBE MAX NOVEMBER 2019

Renowned as the premier creativity conference, Adobe MAX returned to the LACC for their eighth edition, this time with the theme, "Empowering Creativity for All." The immersive experience attracts graphic designers, art directors, tech/business strategists, film/video professionals, digital artists and loyal fans and users of Adobe creative products. A community of 55,000 attendees found motivation.

ALZHEIMER'S ASSOCIATION INTERNATIONAL CONFERENCE

JULY 2019

The LACC was awash in purple as we hosted the Alzheimer's Association International Conference (AAIC) record-breaking event attracting nearly 8,000 participants. AAIC is the largest and most influential international meeting dedicated to advancing dementia science represented by over 60 countries. Each year, AAIC brings together the world's leading basic science and clinical researchers, next-generation investigators, clinicians and the care research community to share research discoveries that lead to methods of prevention and treatment and improvements in the diagnosis of Alzheimer's disease.



ANIME EXPO JULY 2019

Anime Expo (AX) has been synonymous with the Fourth of July holiday in DTLA for 12 years and this past year was no exception. Organized by the Society for the Promotion of Japanese Animation, AX brings together over 300,000 fans and industry stakeholders from Japan, the US, and all over the world for the largest celebration of Japanese pop culture in North America. Mind-blowing costumed fans come together as a community for the best in Japanese entertainment, music, fashion and video games through interactive sessions and exhibits spanning over 807,000 square feet of event space.



BERNIE 2020 RALLY MARCH 2020

The LACC became part of the 2020 election story when presidential hopeful Senator Bernie Sanders hosted a rally in South Hall just days ahead of the California Democratic primary. The rally drew 37,000 supporters and over 200 media outlets, making it the campaign's largest rally event. The event was energized with performances by Chuck D and Public Enemy, Halsey, Latin Grammy award-winning artist Ana Tijerra and appearances by actor Dick Van Dyke, comedian Leah Hademan and self-described artist, organizer and freedom fighter Precious Gullory.



BEAUTY CON AUGUST 2019

Dubbed as "where Sephora meets Coachella," BeautyCon is L.A.'s annual experiential beauty retail festival where marketing, entertainment and shopping collide. Roughly 40,000 eager beauty devotees come to sample product, snap a photo in front of colorfully bearded Instagram-ready activations, secure a selfie with their favorite digital influencer and shop at over 350 exhibit booths. The BeautyCon main stage featured electrifying panel discussions with movers and shakers such as Priyanka Chopra, Maria Martin, Maxine Waters, Clara and Angela Davis.

2020 INTERNATIONAL STROKE CONFERENCE FEBRUARY 2020

Hosted by the American Heart Association and the American Stroke Association, the International Stroke Conference (ISC) is the world's premier meeting dedicated to the science and treatment of cerebrovascular disease and brain health. The conference, held in Los Angeles for the fourth time, featured more than 1,700 compelling presentations that emphasize basic, clinical and translational sciences as they strive toward a better understanding of stroke pathophysiology. In the span of 7.5 days, ISC 2020 welcomed over 4,500 registered attendees and exhibitors and presented numerous late-breaking studies changing and developing more effective stroke therapies.



LA ART SHOW JANUARY 2020

As a destination renowned for creative expression and revolution, it is no wonder that the LA Art Show continues to lead the way with innovative programming and one-of-a-kind experiences for an ever-growing audience of art collectors and enthusiasts. This event, which celebrated its 25th year in 2020, is the unparalleled international art experience with over 120 galleries from more than 20 countries exhibiting painting, sculpture, work on paper, installation, photography, fashion, design, video and performance.



RESPONSE TO COVID-19

In March 2020, as the Covid-19 pandemic began to impact our business, the LACC took immediate action to protect employees and mitigate revenue losses.

Team members were set up with existing tools to effectively work from remote locations. Staff unable to work remotely were supplied proper Personal Protective Equipment and educated on safe protocols such as physical distancing, frequent handwashing and reporting any potential exposure to COVID-19.

Event organizers with near-term bookings were contacted immediately to preserve their events. Some programs were cancelled, while others were successfully moved to future dates.

Cost saving measures included re-negotiation of vendor contracts, reduction of workforce to meet short-term and long-term strategies, temporary salary reductions and reducing non-essential expenditures. Additionally, strategic discussions were held with the LACTD regarding short-term and long-term goals and operational execution and objectives.

In preparation for re-opening the Center, the LACC began the process for GBAC accreditation to earn the confidence of clients and attendees. Simultaneously, the implementation of ASM's VenueShield program commenced. To expedite achievement of both goals, preparation of the LACC's Roadmap to Recovery effort was developed.

During the months of March through June 2020, revenues for the LACC were recognized through:

- Enterprise Rent-A-Car leasing 3,000 parking spaces
- Field Medical Station in South Hall
- F&B operations for the City of Los Angeles **Serving Our Community** and **Project Room Key** initiatives, preparing meals for senior citizens and people experiencing homelessness
- Increased footprint of 5G coverage, leading to additional revenue with cell partners





2019–2020 HIGHLIGHTS



 **118,078**
Citywide Total Room Nights



 **175-bed**
Field Medical Station set up as precaution for surge capacity in area hospitals



 **2,000+**
National Guard staged at LACC to support local law enforcement during citywide protesting in May/June



 **17**
Alteration and Improvement Projects Completed



BLUE TOWER PROGRAM
Established to promote high standards of safety and wellness within the facility and infectious disease prevention practices



HUMAN EXPERIENCE SURVEY
Established to measure building satisfaction while promoting a healthy green building

FACILITIES & OPERATIONS

Operational efficiencies completed in the past fiscal year include both facility upgrades and preventative maintenance while reducing the venue's environmental footprint through zero waste initiatives. This year, special attention was paid to reducing overall energy consumption with the installation of 46 Variable Frequency Drivers throughout the facility. Additionally, 51 low-flow faucets were replaced within our Food & Beverage operations.

Overall, the LACC allocated \$800,000 to Alteration and Improvement Projects funded by the operating surplus.

ZERO WASTE REPORTING

As a green building, the Los Angeles Convention Center's intent is to quantify the percentage of waste material, by weight, that is reduced, reused, or recycled as compared to the total volume of waste generated. In tracking our efforts, zero waste reporting includes the following areas to determine our waste reduction/diversion: Attendance, event packing, lightbulbs, water reduction, e-waste, food donations, improved/changed product purchasing, paper purchasing, and e-waste. LACC supports the education of our guest and clients by showcasing our initiatives and policies. To assist our efforts in zero waste, a sustainability packet has been crafted to highlight acceptable material guidelines, alternative and sustainable purchasing, partnership of disposed/donation materials, and other sustainable initiatives and policies within LACC.



ENVIRONMENTAL INITIATIVES & SUSTAINABILITY

Environmental sustainability is embedded in the Los Angeles Convention Center's culture and is considered with every decision of our day-to-day operators. This year, following mandates from the City of Los Angeles, the LACC continued to implement overall zero waste reduction, encompassing efforts to have no generated waste or use of virgin resources for manufacturing. The LACC continues the shift from waste diversion to zero waste reduction efforts by working with general service contractors and event organizers to underscore the importance of leaving a smaller waste footprint.

This year, a zero waste event checklist was created for event planners to ensure best practices. This included such key points as the LACC's pack-in/pack-out policy to reuse and repurpose materials. Additional zero waste efforts include tracking the reduction of single-use plastic bottles via use of water-filling stations, lightbulb retrofit to contribute to the reduction of lightbulb purchases, and water barrels to enhance our water conservation efforts. As the facility continues to develop sustainable practices, more diverted items are expected to deplete or cease to exist within the facility. Thus, diversion figures continue to drop, and zero waste efforts continue to rise. Within fiscal year 2019-2020, LACC reached a 70% facility wide diversion of material. This total facility diversion includes materials reduced, materials reused, and materials recycled.




 **985,000 lbs.**
of construction & demolition waste diverted from the landfill



 **178 tons**
of cardboard, glass, aluminum, plastic & paper recycled



 **700,000 gallons**
of water saved annually by replacing (51) 1.5 GPM faucets to 0.5 GPM within main kitchen, pantries, and concession stands



The LACC has focused on diverse programming from local community events to regional corporate meetings to large national conventions – all of which contribute to LA's quality of life, support countless jobs and drive economic success in our region. The synergy and collaboration born out of the partnership between ASM Global and the City of Los Angeles is a key pillar to our community's economic agility and enabled the LACC to navigate the COVID-19 pandemic effectively.

Jon Vein
President

Board of Los Angeles Convention & Tourism Development Commissioners

Due to strong teamwork and a focused sense of purpose, the Los Angeles Convention Center, under the leadership of General Manager Ellen Schwartz, has powered through another successful year, in spite of facing unprecedented challenges in the final quarter. By acting quickly to immediately implement cost-saving measures, the LACC team was able to further contribute by minimizing the impact of the pandemic in the fiscal year. Our six-year partnership with ASM Global, formerly AEG Facilities, continues to grow and thrive.

Doane Liu
Executive Director

Los Angeles Department of Convention & Tourism Development

Los Angeles offers meeting & event professionals unlimited potential to be creative and incorporate L.A.'s incredible diversity into their programs. Attendees and delegates can enjoy our world-famous attractions, acclaimed culinary scene and renowned L.A. lifestyle, all the while innovating with colleagues from around the globe. The lure of the Los Angeles Convention Center as an award-winning convention facility showcasing service excellence is certainly a focal point of our destination's meeting and event experience. Los Angeles Tourism is proud to partner with the LACC to promote this world-class venue as a premier site for meetings and conventions.

Adam Burke
President & CEO

Los Angeles Tourism & Convention Board

FISCAL YEAR PRESS RELEASES INCLUDED

- Los Angeles Convention Center Donates 28 Tons of Event Items & Carpet to Several Los Angeles Nonprofit Organizations
- Los Angeles Convention Center Announces New Vice President of Security & Guest Services and Levy General Manager
- Los Angeles Convention Center & Levy Restaurants Team Up with the Recording Academy® & Musically Fed to Donate More Than 800 Meals from GRAMMY® Week Events to Los Angeles Community
- Los Angeles Convention Center, Levy Restaurants & Musically Fed Impact 1000 Family Members
- Los Angeles Convention Center Makes Commitment to GBAC STAR™ Accreditation
- ASM Global Release Complete VENUESHIELD Operational Plans for the Reopening of its Air Stadia, Theaters and Convention Centers

CORPORATE SOCIAL RESPONSIBILITY

The role we all have as engaged citizens within our community is woven into the fabric of the LACC family. We provide civic outreach and leadership development opportunities to our staff by encouraging participation in numerous volunteer activities. This fiscal year, LACC employees took advantage of a variety of opportunities:

- Volunteered at the Downtown Women's Shelter and Heart of Los Angeles (HOLA)
- Wore White in support of Women's Equality Day
- Wore Red in support of American Heart Association's National Wear Red Day – Go Red for Women
- Celebrated Black History Month with all staff potluck luncheon
- Participated in Earth Hour through employee engagement
- Hosted AEG Season of Giving event
- Collected and donated used items for America Recycles Day
- Wore Pink in honor of Breast Cancer Awareness Month
- Wore Denim to help raise awareness of rape and sexual assault
- Participated in the Read-to-a-Child program at the 10th Street Elementary School
- Participated in Verbum Dei High School Internship program by providing three (3) under-served students year-long exposure to roles within venue management
- Lit the LACC towers Purple in support of Alzheimer's Association
- Wore Purple on Purple Thursday to show solidarity with survivors of Domestic Violence
- Clothing and Tailery Drive benefiting the Los Angeles LGBT Center
- Participated in Light it Blue to support Health Care Professionals & Essential Workers during the COVID-19 Pandemic
- Participated in Earth Day with a variety of "at-home" activities
- Recognized International Women's Day to support social, economic, cultural and political achievements of women





In an event world filled with competing organizers, vendors and venues, it is rare to feel the true commitment of "partnership." Not in the legal sense, but in the "we're in this together, we get you, we understand your needs, we'll do whatever we can to make you successful, we win by helping you win" sense. That's how we feel about working with the team at the LACC. They understand our unique needs, they work with us, and they're creative and flexible. The LACC's support has been instrumental in helping Los Angeles Comic Con grow from a little event down to one of the Top 10 fan events in the US in just 10 years. LACC is Family.

Chris DeMoulin
CEO

Comikaze Entertainment, Inc.

It was incredibly easy to work with the team at the LACC—specifically, the event management team who were extraordinary. The facility had more than enough space for us and was very flexible when our program required an increase in size. The location near LA LIVE was exceptional and provided an exclusive feeling among our attendees. We had a terrific event there.

Darren Mendola, CMP

Vice President, Global Conferences & Events
Alzheimer's Association

Over ten ACM SIGGRAPH conferences have had been held at the Los Angeles Convention Center (LACC) since 1995. During that time, we have worked through a seamless transition of new management who fully engaged with our teams so that new policies and procedures were easily implemented. We have tremendous respect for the staff at the LACC who, year-after-year, exceed our expectations with their customer service, extensive knowledge and creativity to help us create a flawless event for our attendees. We trust our partnership with the LACC will continue for many years to come!

Cindy Stark

SIGGRAPH Conference Event Director
SmithBucklin Corporation

The LA Art Show has collaborated with the LACC on successfully staging the largest international art fair on the West Coast for over 10 years. Each year, we showcase a high volume of invaluable art and art installations, and must also accommodate many high-profile celebrity guests. We fully appreciate the flexibility of the LACC in meeting our evolving needs for strict protocols and creative solutions every step of the way.

Kassandra Voyagis

Producer-Director
LA Art Show



CUSTOMER & CLIENT EVALUATION

LACC strives to deliver exemplary service to its clients and attendees. Year after year, we have shown growth and model service to be known as the prime site for conventions and events in Los Angeles.



4.6 out of 5 stars



4.5 out of 5 stars



4.4 out of 5 stars



LACC Client Survey: 4.5 out of 5 stars

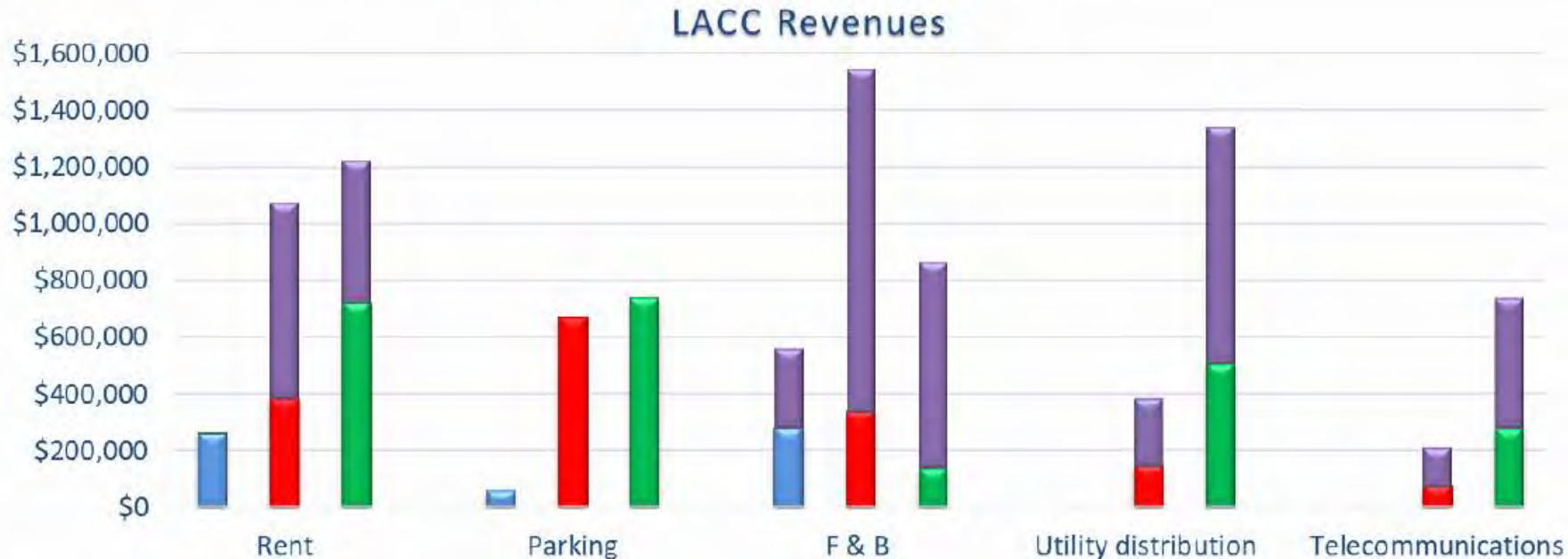
LACC AUGUST 2020 FINANCIALS

OPERATING SURPLUS (LOSS):

- (\$0.18) million (before approved City Reimbursements, A & I and Capital Projects)
- \$0.22 million above budget
- \$0.83 million below prior year

REVENUES:

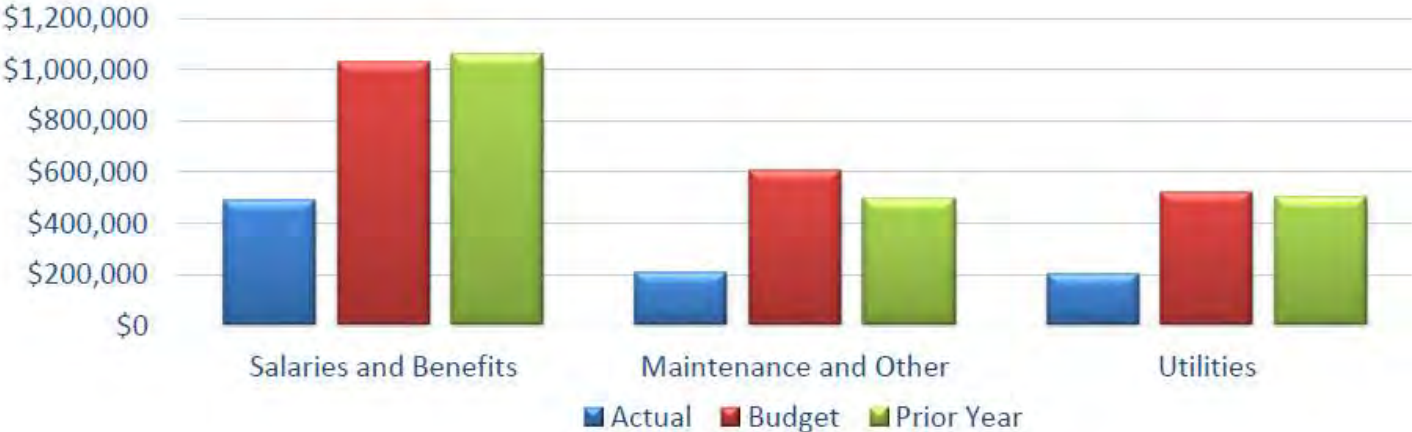
- \$1.0 million gross revenue (before discounts and service provider share)
- \$0.72 million net revenue
- \$1.04 million below budget and \$1.99 million below prior year



LACC AUGUST 2020 FINANCIALS

OPERATING EXPENSES:

- \$0.9 million (before approved A & I, Capital Projects, and City reimbursement)
- \$1.26 million below budget and \$1.16 million below prior year

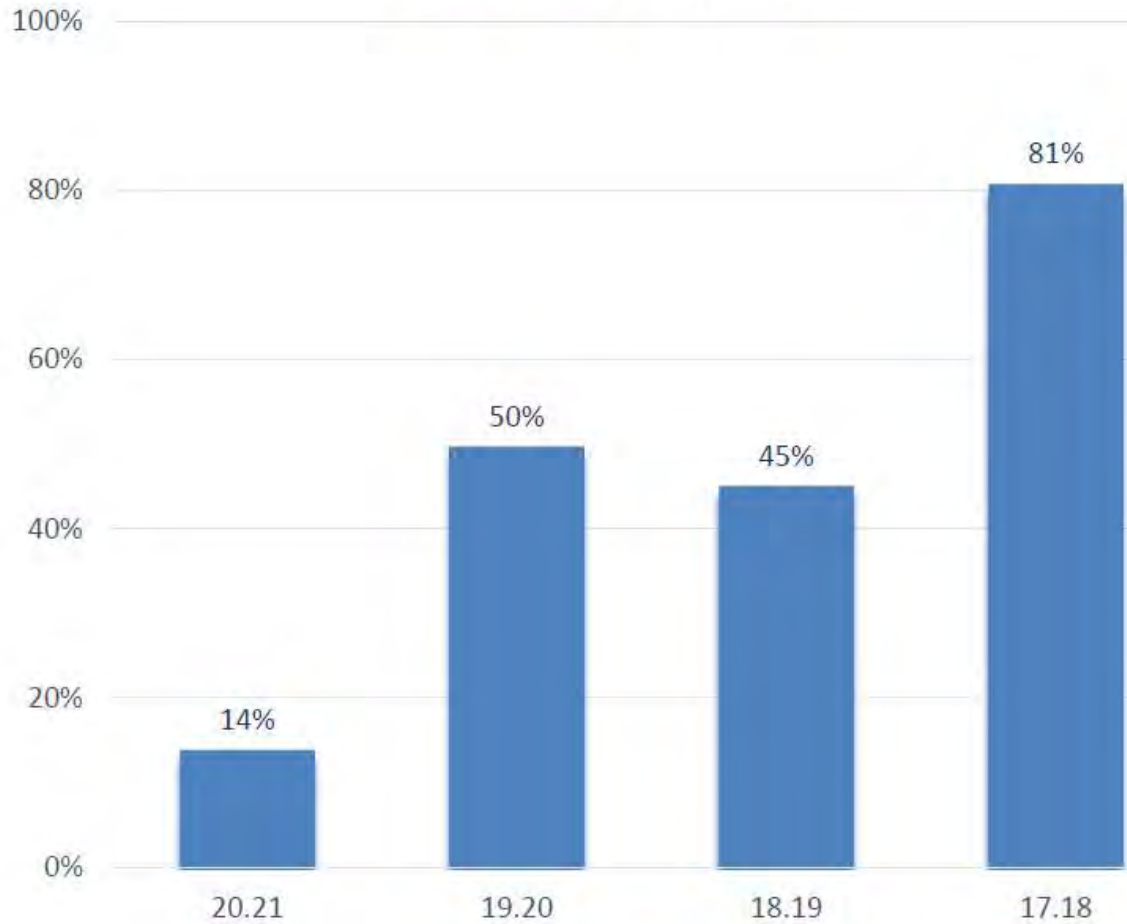


CITY REIMBURSEMENT - \$0.26 million (excluding Utility User Tax)

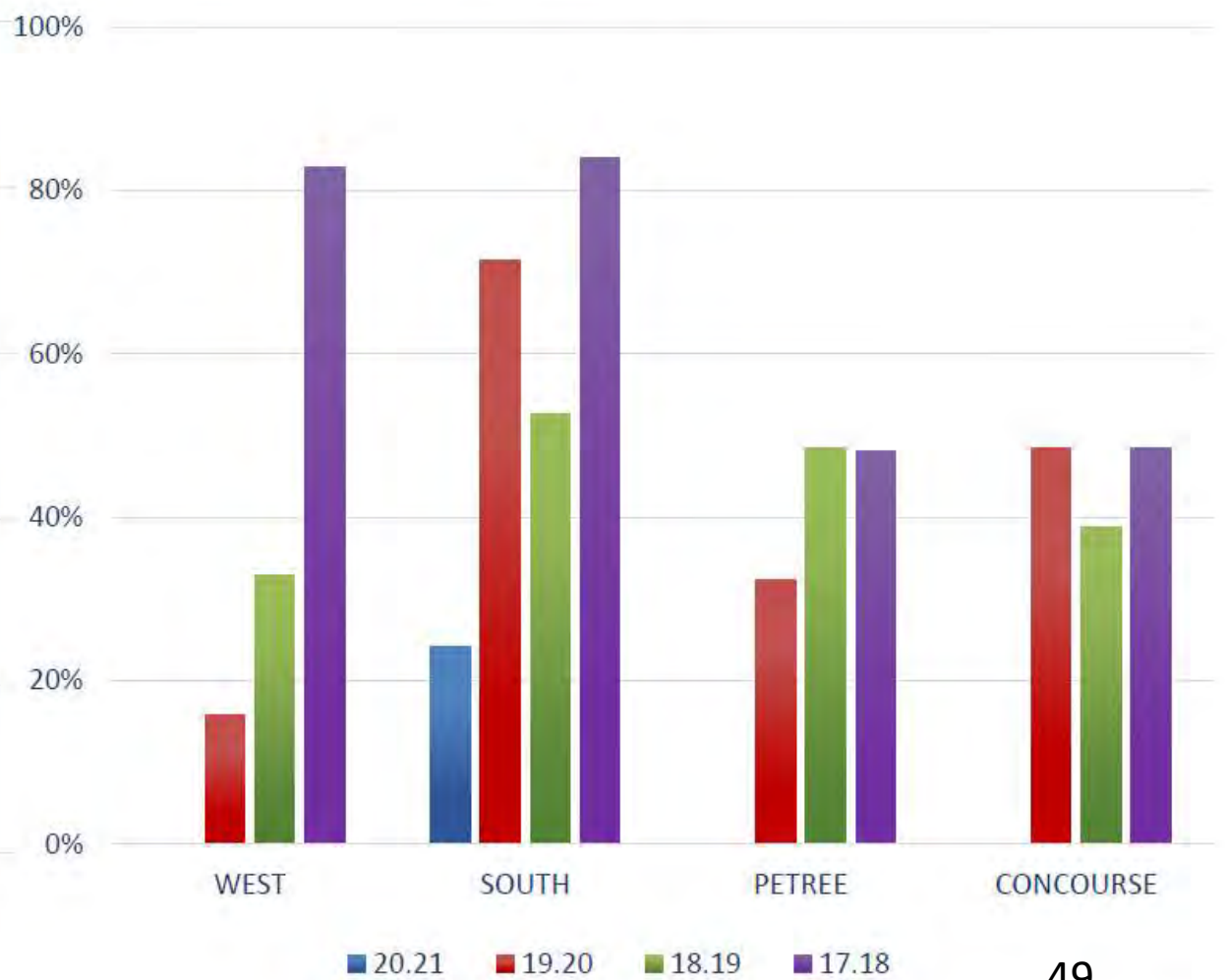
Capital and Alterations & Improvements

LACC AUGUST 2020 OCCUPANCY

Exhibit Hall Occupancy

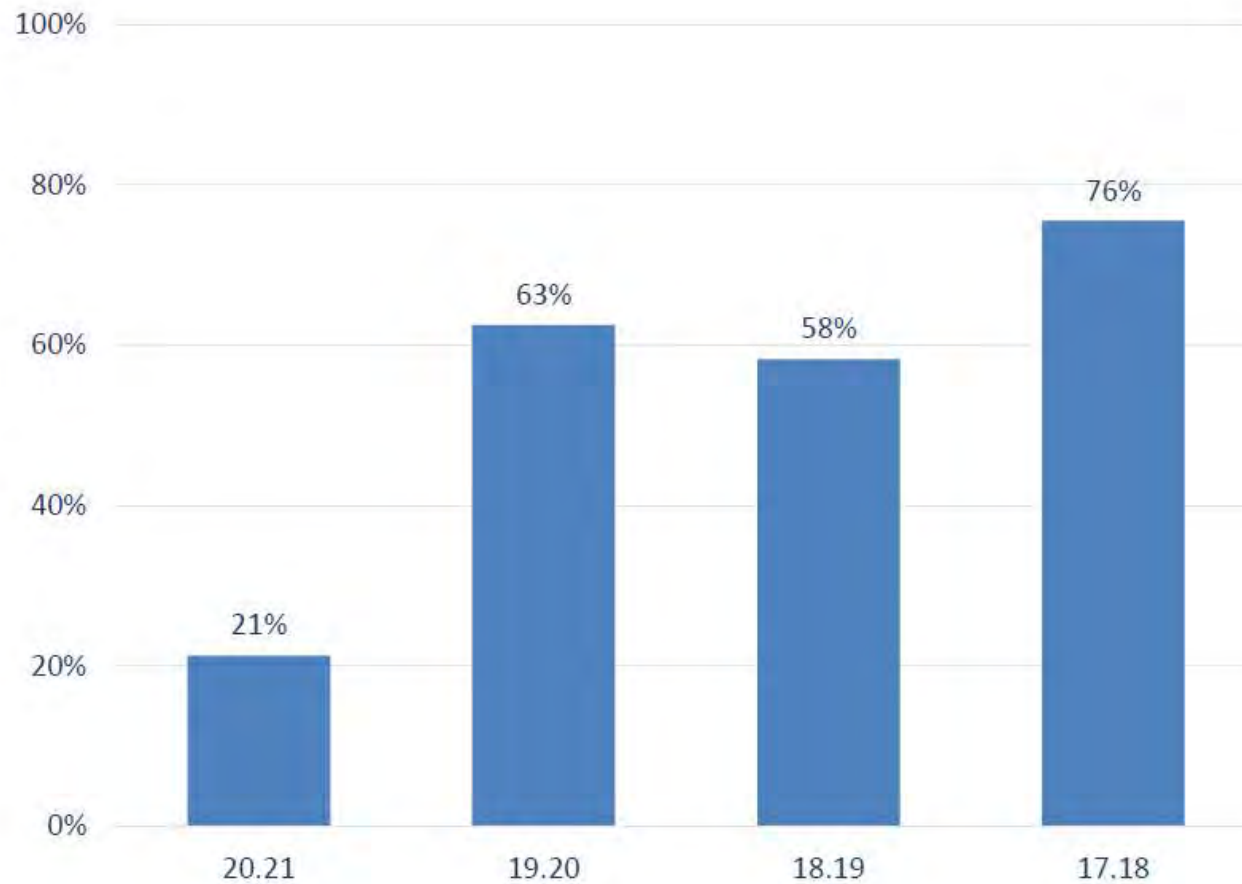


Occupancy by Exhibit Hall

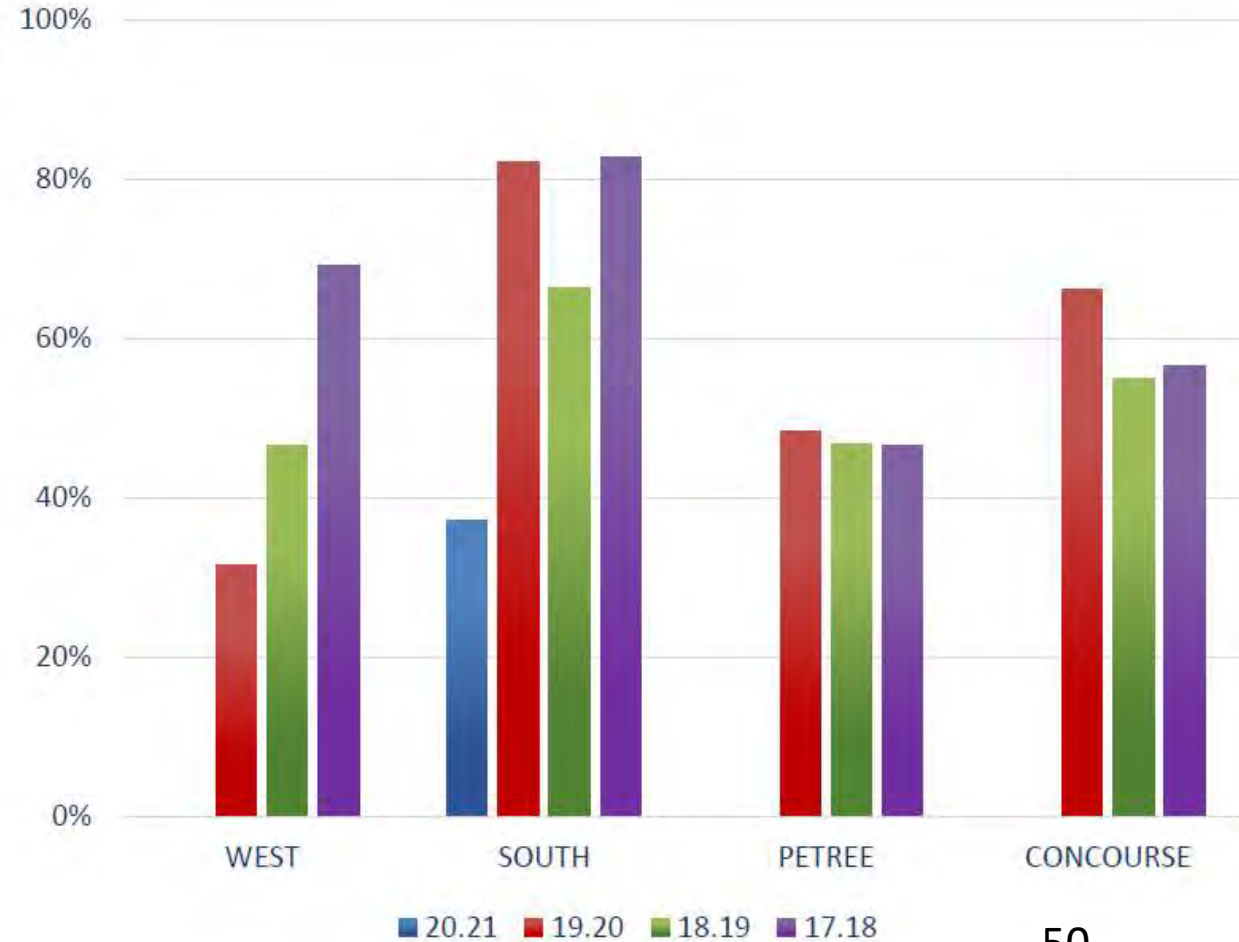


LACC YTD 2020/2021 OCCUPANCY

Exhibit Hall Occupancy - (July-August)



Occupancy by Exhibit Hall - (July-August)



LACC 2019/2020 FISCAL YEAR-END FINANCIALS

LACC Operating Surplus \$4.7 million
(before city reimbursements, and Alterations and Improvements)

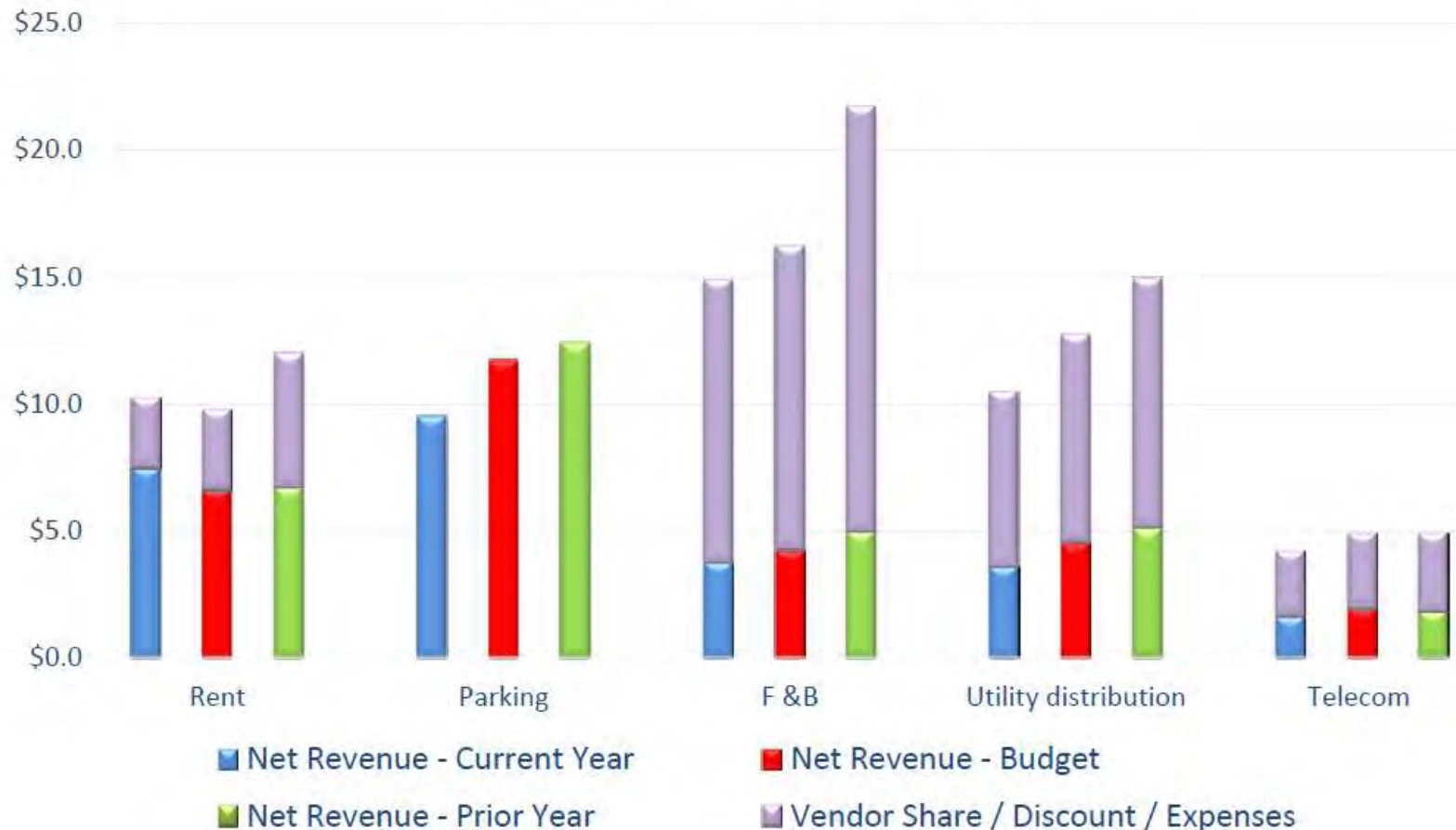


LACC 2019/2020 FISCAL YEAR-END FINANCIALS

Revenues:

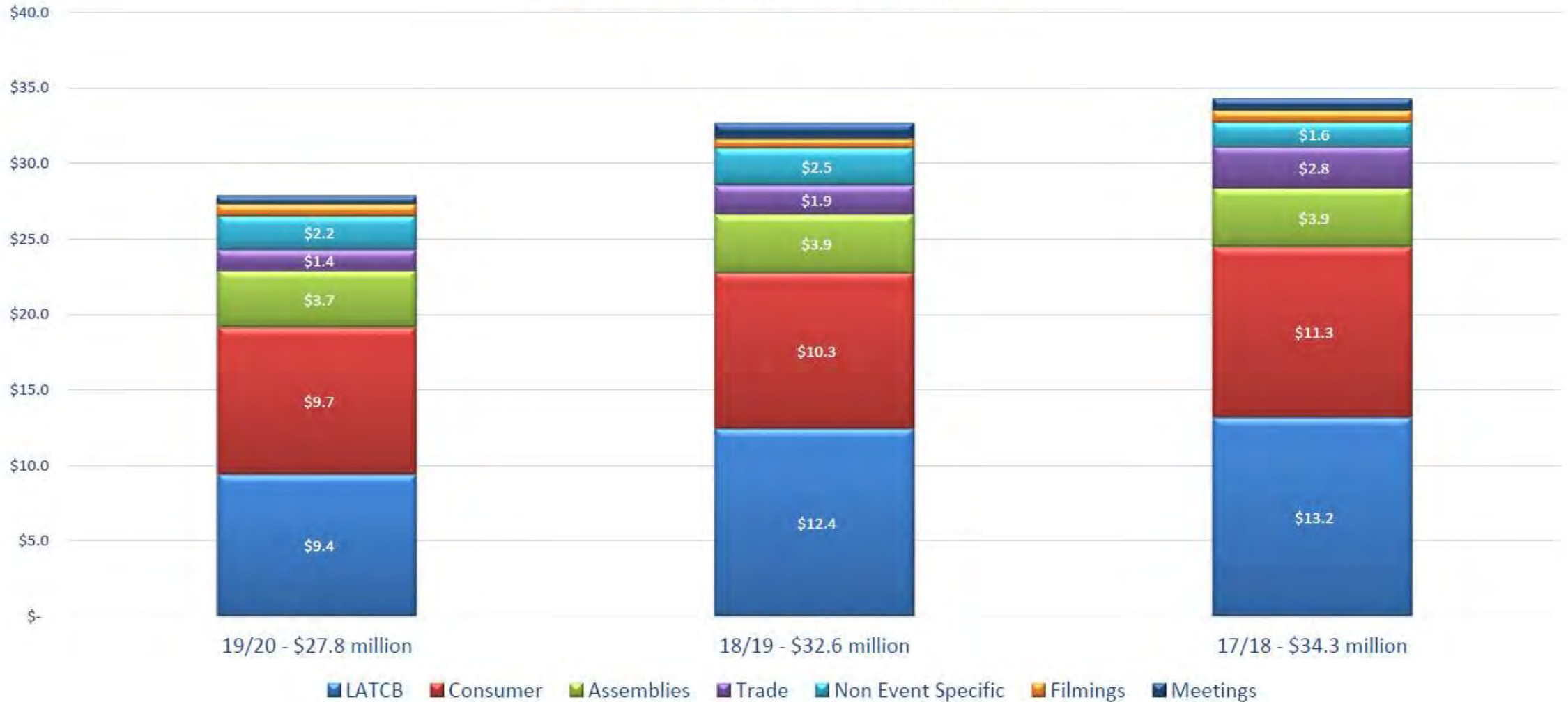
- \$27.8 million vs budget \$30.2 million
- \$2.4 million below budget
- \$4.8 million below prior year

LACC Revenues (in millions)



LACC 2019/2020 FISCAL YEAR-END FINANCIALS

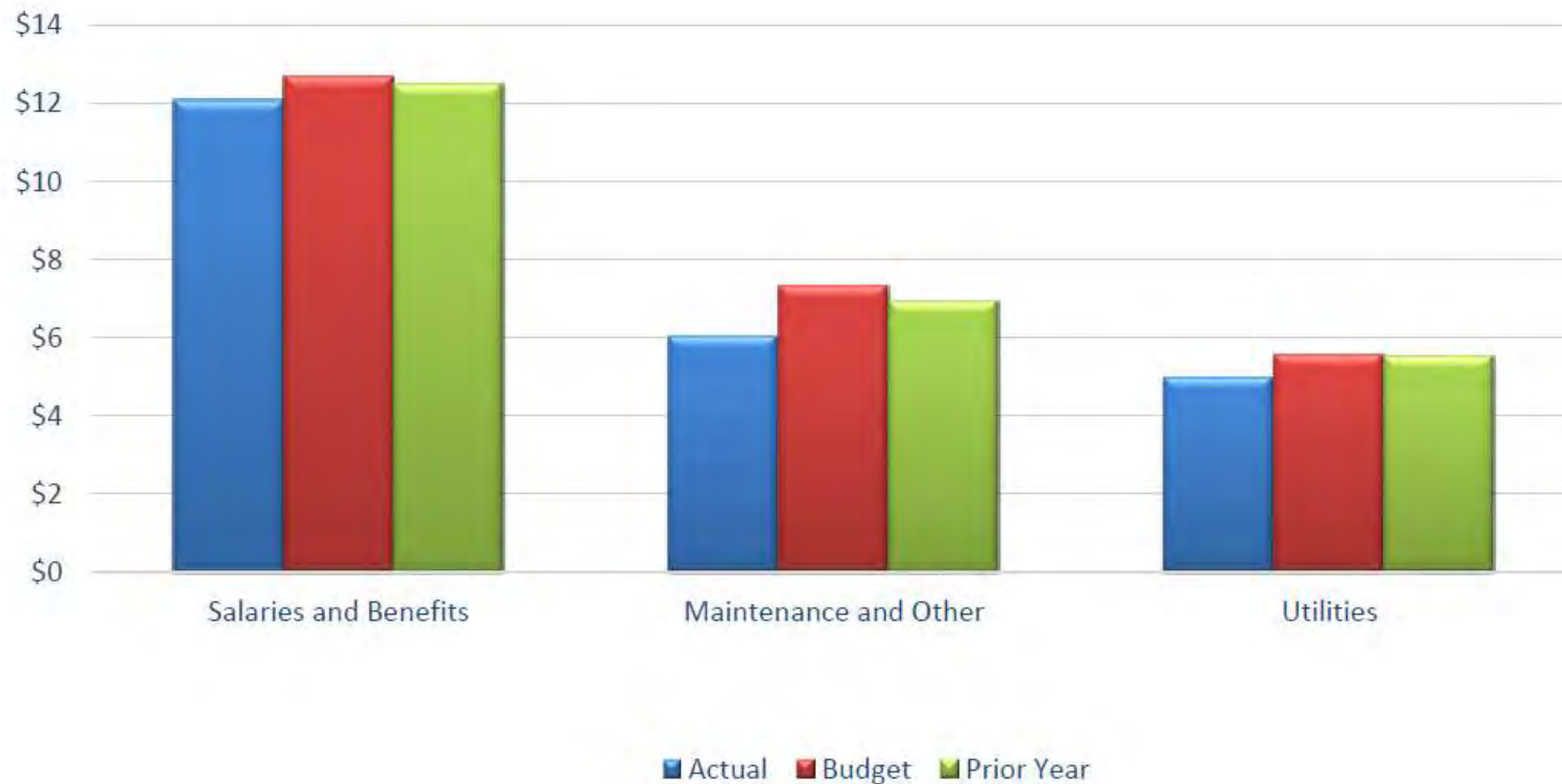
Revenue by Event Type (in millions)



LACC 2019/2020 FISCAL YEAR-END FINANCIALS

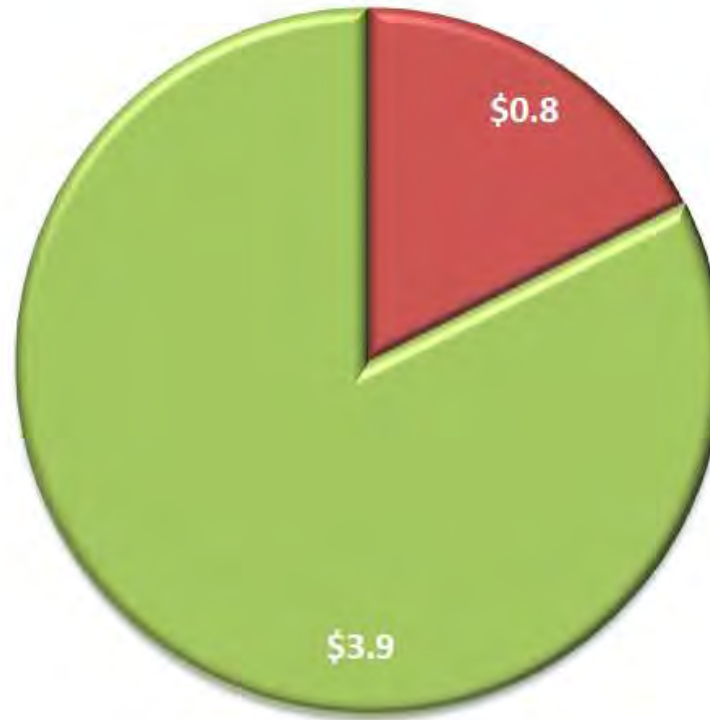
OPERATING EXPENSES:

- \$23.1 million (before approved A & I, Capital Projects, and City reimbursement)
- \$2.5 million below budget
- \$1.9 million below prior year



LACC 2019/2020 FISCAL YEAR-END FINANCIALS

Allocation of 2019/2020 Operating Profit (in millions)



■ A & I ■ City Reimbursement

LACC 2019/2020 FISCAL YEAR-END FINANCIALS

Cumulative Operating Surplus/Allocations

\$49.7 million in operating surplus



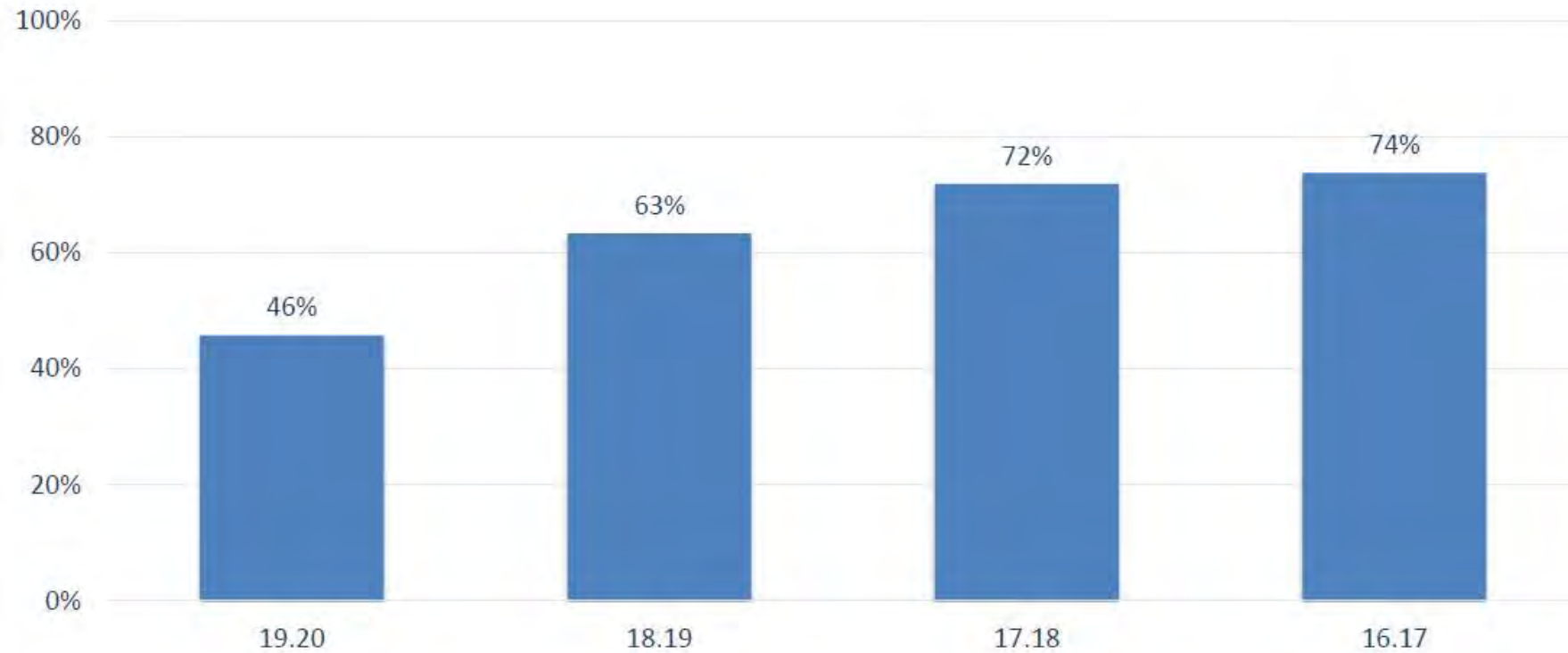
LACC surplus allocation since private management



- Reserve Contribution
- CIP and Alteration and Improvements
- City Reimbursement and Allocation

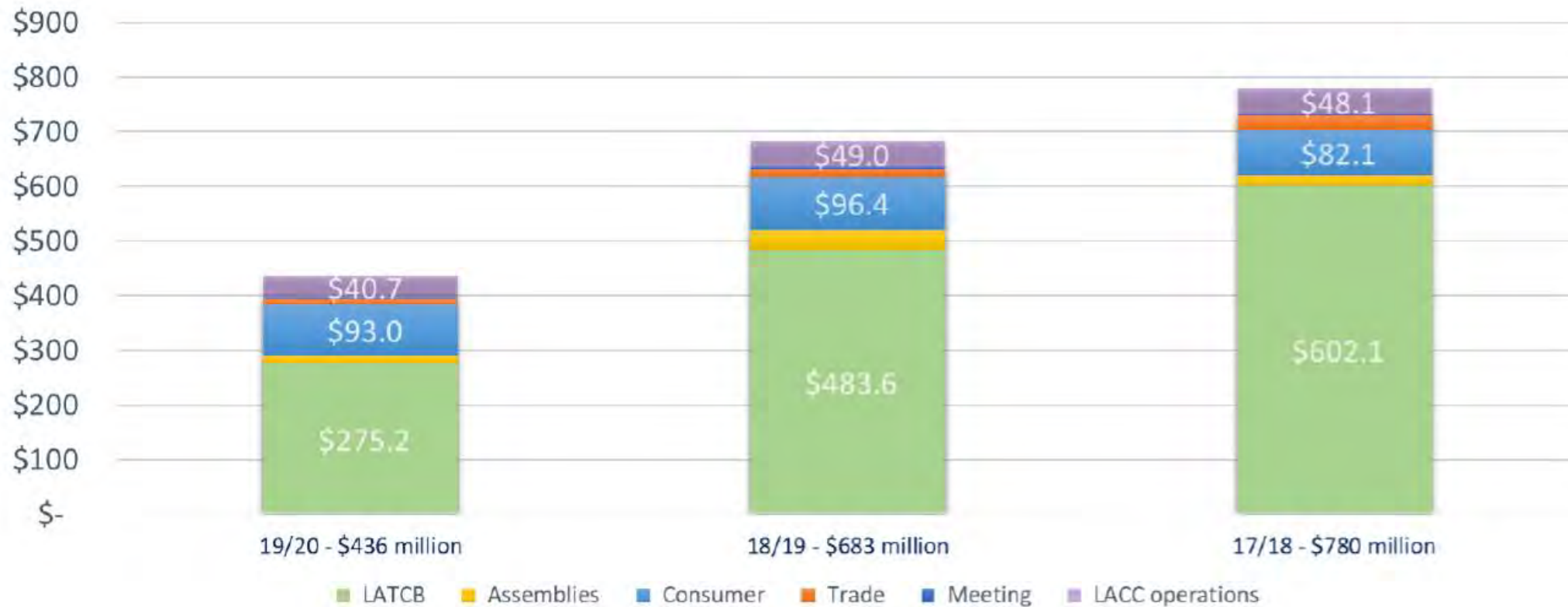
LACC 2019/2020 FISCAL YEAR-END FINANCIALS

Occupancy Fiscal Year



LACC 2019/2020 FISCAL YEAR-END FINANCIALS

Economic Impact



ITEM 5c

LATCB Update



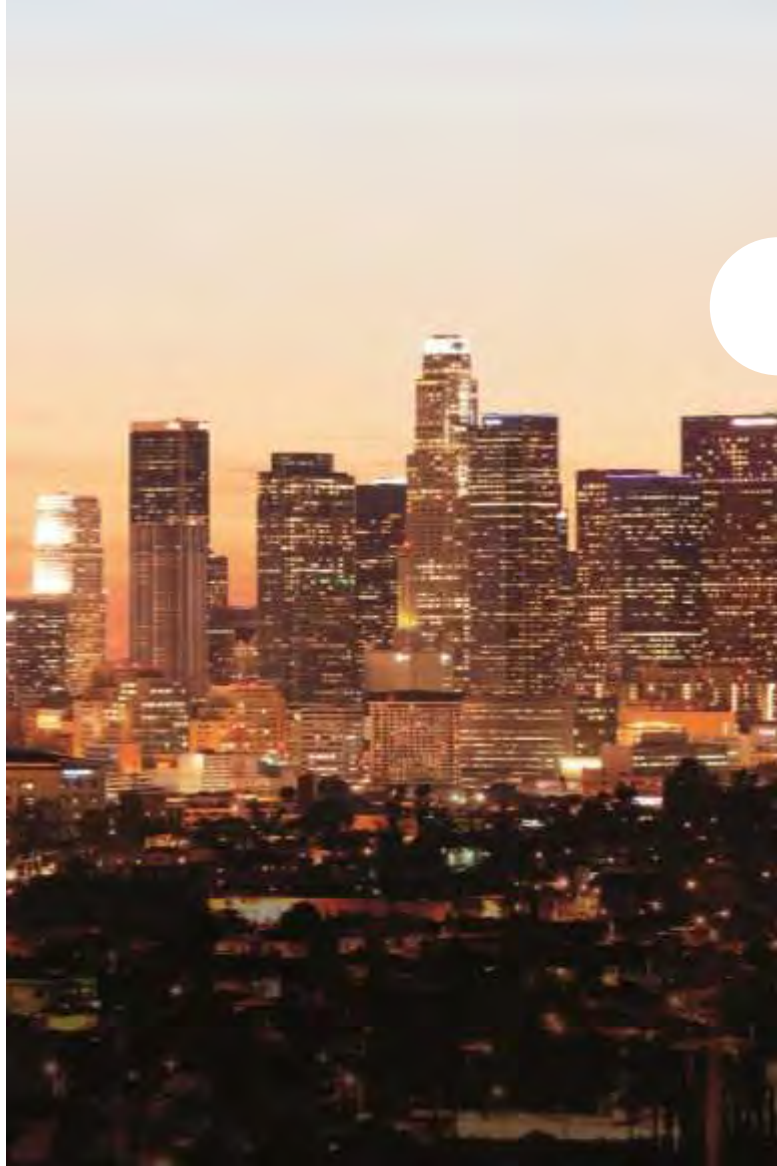
CITY OF
Los Angeles
DEPARTMENT OF
CONVENTION & TOURISM DEVELOPMENT

CTD BOARD OF COMMISSIONERS MEETING

October 21, 2020

Los Angeles[™]

Los Angeles Tourism & Convention Board



CITYWIDE CONVENTION SALES UPDATE

Darren Green

Senior Vice President, Sales

Kathy McAdams

Vice President, Citywide
Convention Sales



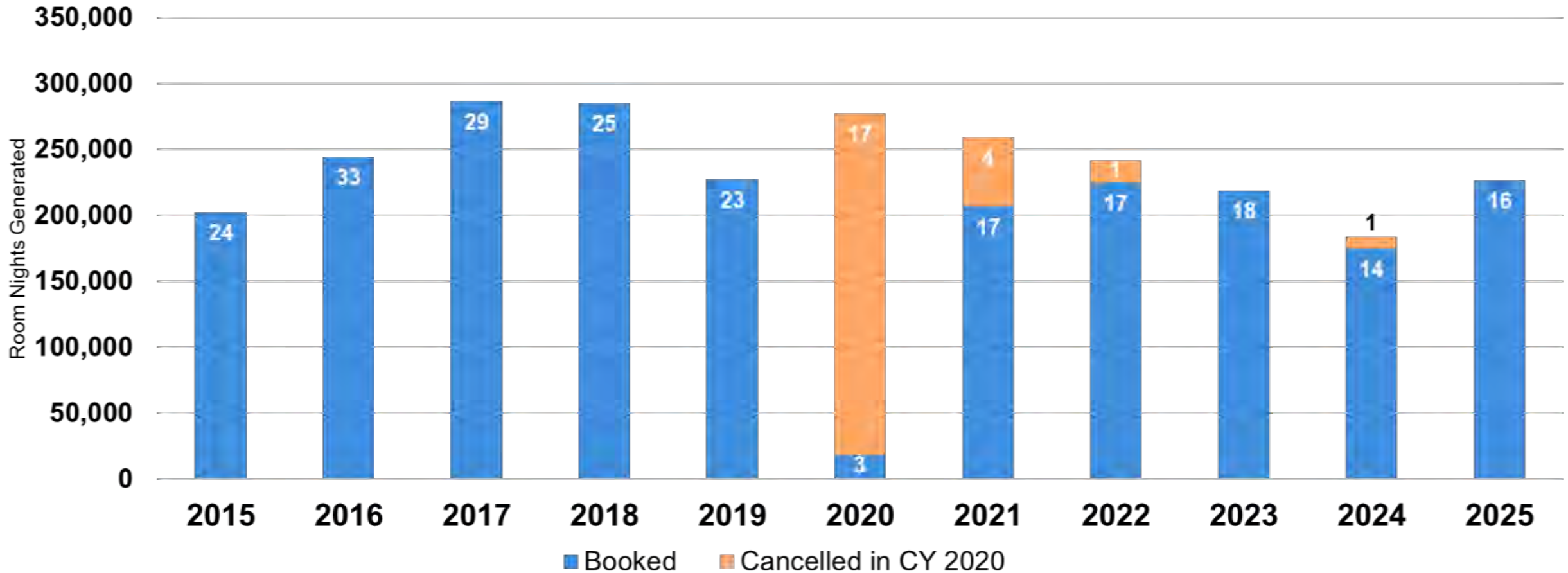
CITYWIDE CONVENTION SALES YTD FY20/21 PRODUCTION RESULTS

Lead Production	Leads Actual
FY 20/21 Goal	176
FY 20/21 YTD	26
FY 19/20 STLY	50

Booked Room Nights Produced	RNs Actual
FY 20/21 Goal	362,725
FY 20/21 YTD	68,725
FY 19/20 STLY	94,685

Dated October 15, 2020

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



Dated October 15, 2020

OCTOBER BOOKING – 5,090 TRNs



International Health, Racquet and Sportsclub Association
IHRSA 2021 International Convention & Trade Show
September 20-23, 2021
5,090 Room Nights

CITYWIDE CONVENTIONS

Q1 2021 Arrivals

Event	Arrival	Departure	Total Room Nights	Covid 19 Impact Notes
Citrix Summit	1/11/2021	1/14/2021	12,900	Cancelled 2021, Rebooking in 2024
American Pharmacists Association - APhA	3/12/2021	3/15/2021	8,888	Cancelling 2021, Rebooking in 2026
LA Marathon-2021	3/19/2021	3/20/2021	2,445	Looking to postpone and considering dates spring through fall.

CITYWIDE CONVENTIONS

Q2 2021 Arrivals

Event	Arrival	Departure	Total Room Nights	Covid 19 Impact Notes
National Catholic Educational Association - NCEA	4/6/2021	4/8/2021	8,245	Cancelling 2021. Looking to rebook in 2024
American College of Medical Genetics - ACMG	4/12/2021	4/17/2021	7,155	Expecting 30-40% in person; Hybrid model
American Psychiatric Association-APA	5/1/2021	5/5/2021	23,085	Cancelling 2021. Looking to rebook in 2025
Entertainment Software Association E3	6/15/2021	6/17/2021	27,609	Decision end of October.
United Fresh Produce Association	6/25/2021	6/26/2021	2,552	Officially moved from April to June and reduced attendance/room block 50%
Black Entertainment Television - BET	6/26/2021	6/27/2021	3,930	Monitoring situation and would like to hold live event

CITYWIDE CONVENTIONS

Q3 2021 Arrivals

Event	Arrival	Departure	Total Room Nights	Covid 19 Impact Notes
Society for the Promotion of Japanese Animation	7/2/2021	7/5/2021	17,845	Monitoring situation and would like to hold a live event.
The Trade Desk	7/19/2021	7/23/2021	8,700	Moved from February 2021 dates. No adjustment in attendance/room block at this time.
Association for Computing Machinery "SIGGRAPH"	8/1/2021	8/6/2021	25,600	Looking hold a smaller meeting in August 2021. Rebooking larger event in 2023.
Association for Talent Development	8/26/2021	9/1/2021	22,800	Group officially moved from May to August. Reduced overall attendance/room nights by 35%.
Canon USA, Incorporated	9/9/2021	9/11/2021	8,881	Cancelled
IHRSA Convention & Trade Show	9/20/2021	9/23/2021	5,090	Recent Booking
APEX - Airline Passenger Experience Association	9/21/2021	9/23/2021	3,735	Cancelled

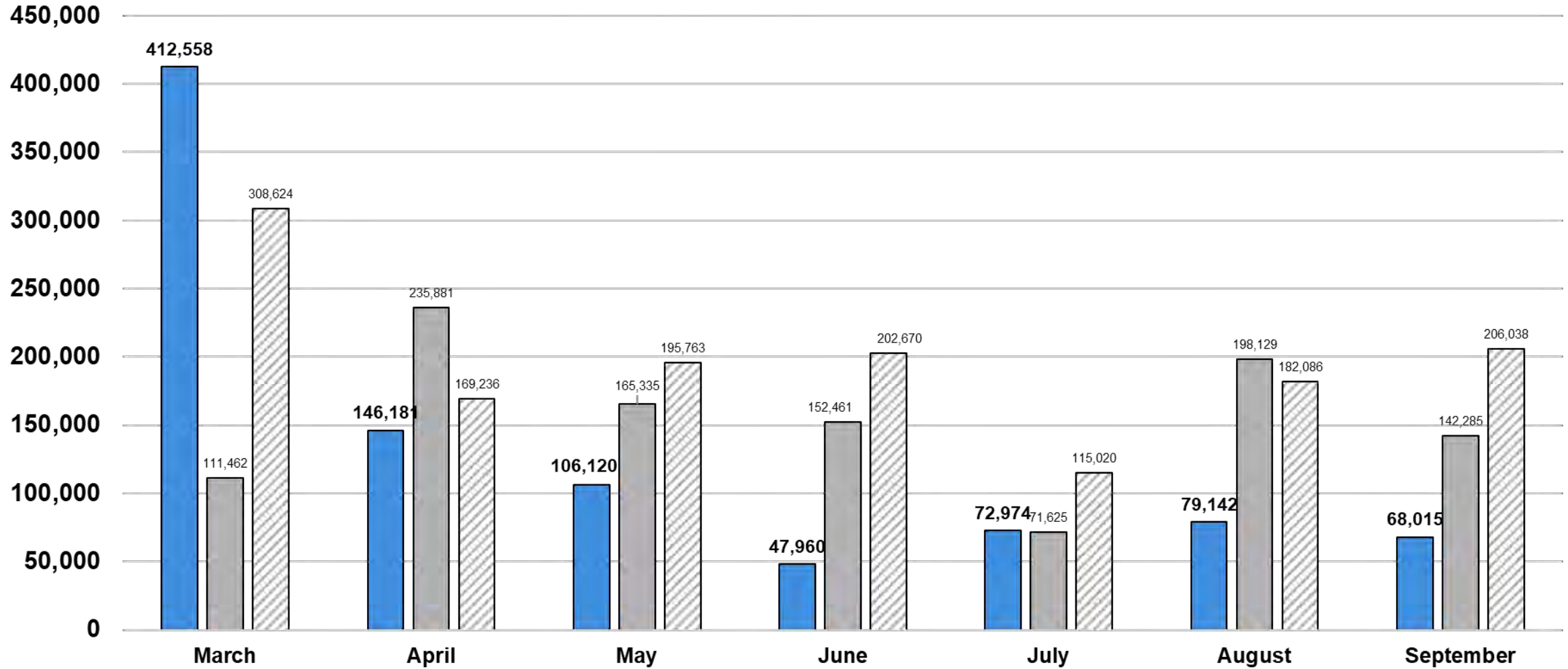
CITYWIDE CONVENTIONS

Q4 2021 Arrivals

Event	Arrival	Departure	Total Room Nights	Covid 19 Impact Notes
American Academy of Otolaryngology	10/3/2021	10/6/2021	20,984	Anticipating a live event, even if reduced capacity
Linux Foundation	10/13/2021	10/15/2021	13,020	Finalized License Agreement with LACC in September.
GSMA, Ltd.	10/26/2021	10/28/2021	18,025	Cancelled 2020. Finalizing license agreement for 2021.
Adobe Systems Incorporated	11/8/2021	11/10/2021	23,095	Cancelled. Looking to return in 2022 and be an annual event in Los Angeles.
National Science Teachers Association - NSTA	12/8/2021	12/11/2021	3,211	Anticipating a live event. Reduced overall attendance/room nights by 50%.

CITYWIDE SALES LEAD ROOMNIGHTS

■ 2020 ■ 2019 ■ Prior 3 Year Average



SURVEY RESULTS

What can LA Tourism do to further support and assist our stakeholders?

Market news,
what's trending.

Keep us
informed

Continue the
communication, push
increase of gatherings
allowed in hotel space.

We are reliant on City for safety
& health guidelines to reopen
meetings and events. Until that
happens, our business is
severely restricted.

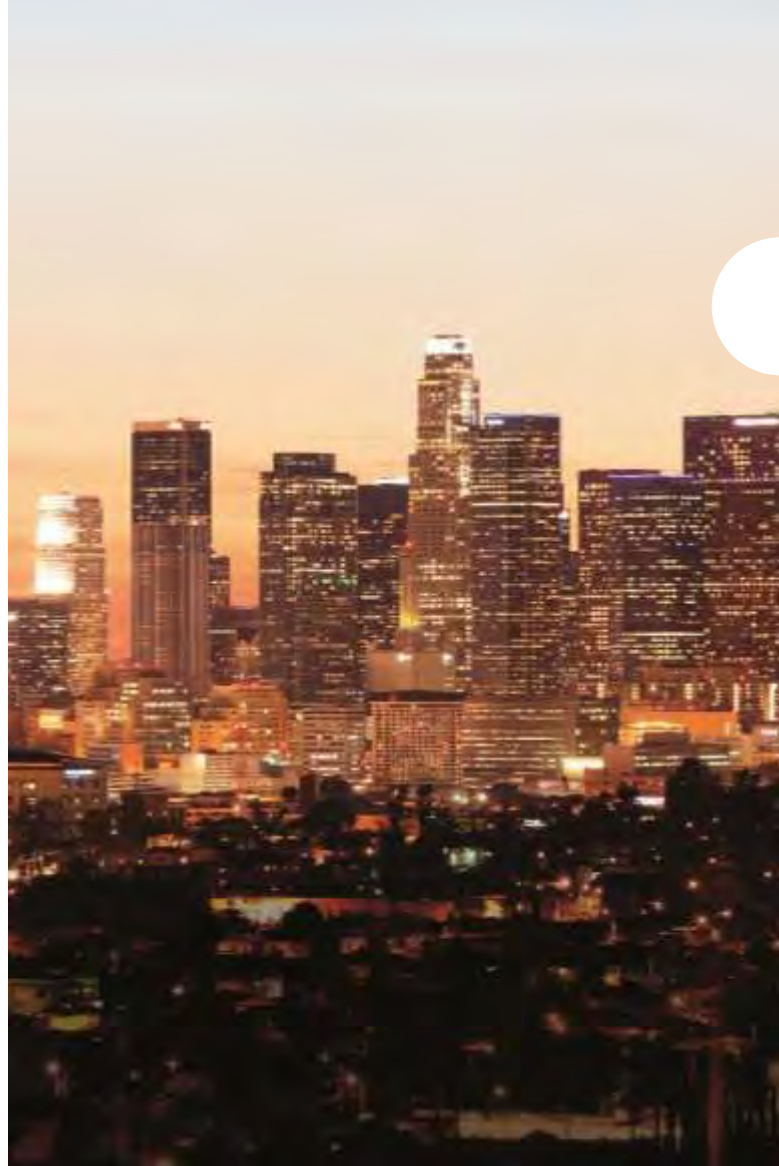
Allow us to book
group business,
pressure our Elected
Officials

Communicate with us and let
us know what we need to do to
help you help us.

CVENT RFPS PACE REPORT BY MARKET

2021 & 2022 Arrival Dates





INDUSTRY COLLABORATION TO RE-OPENING

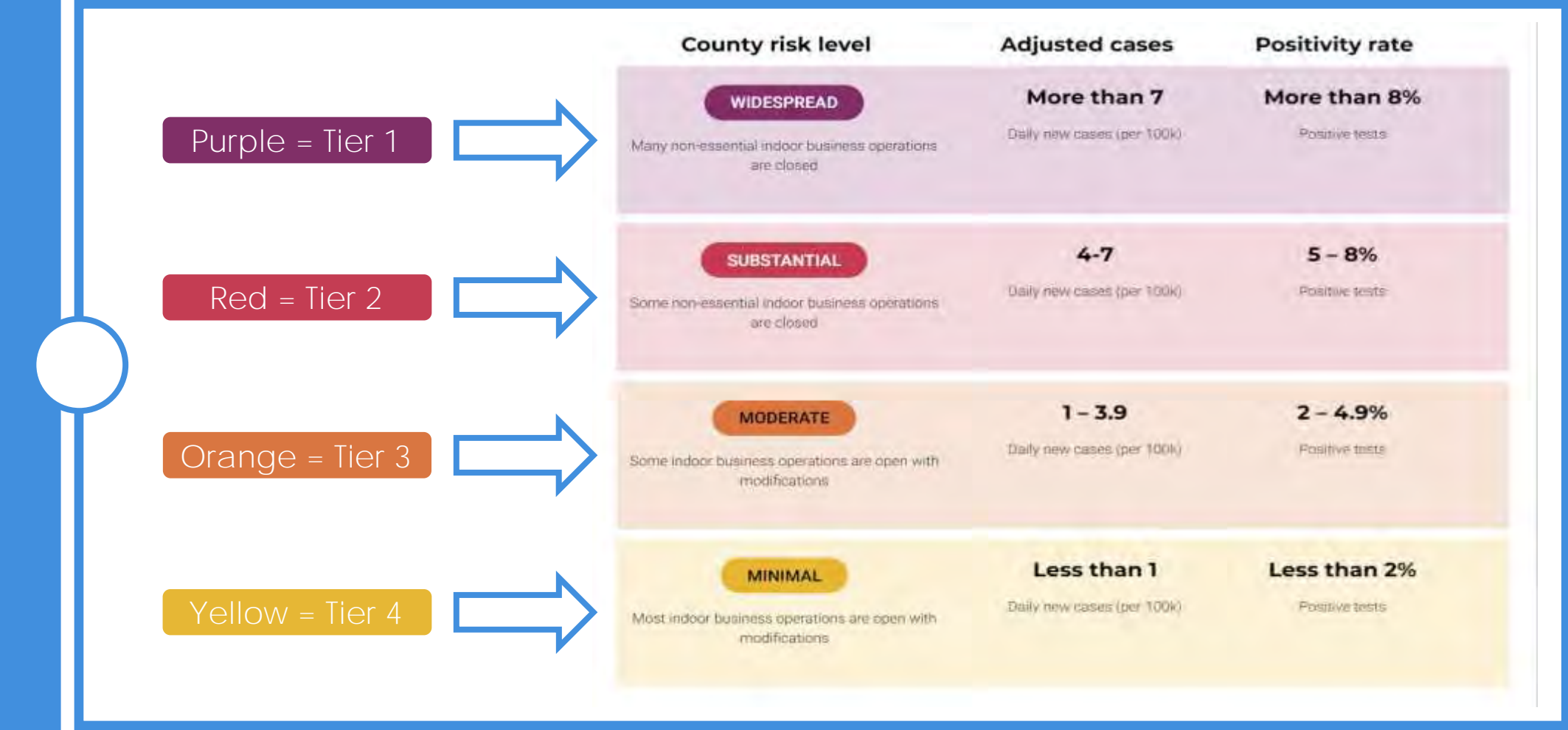
Patti MacJennett

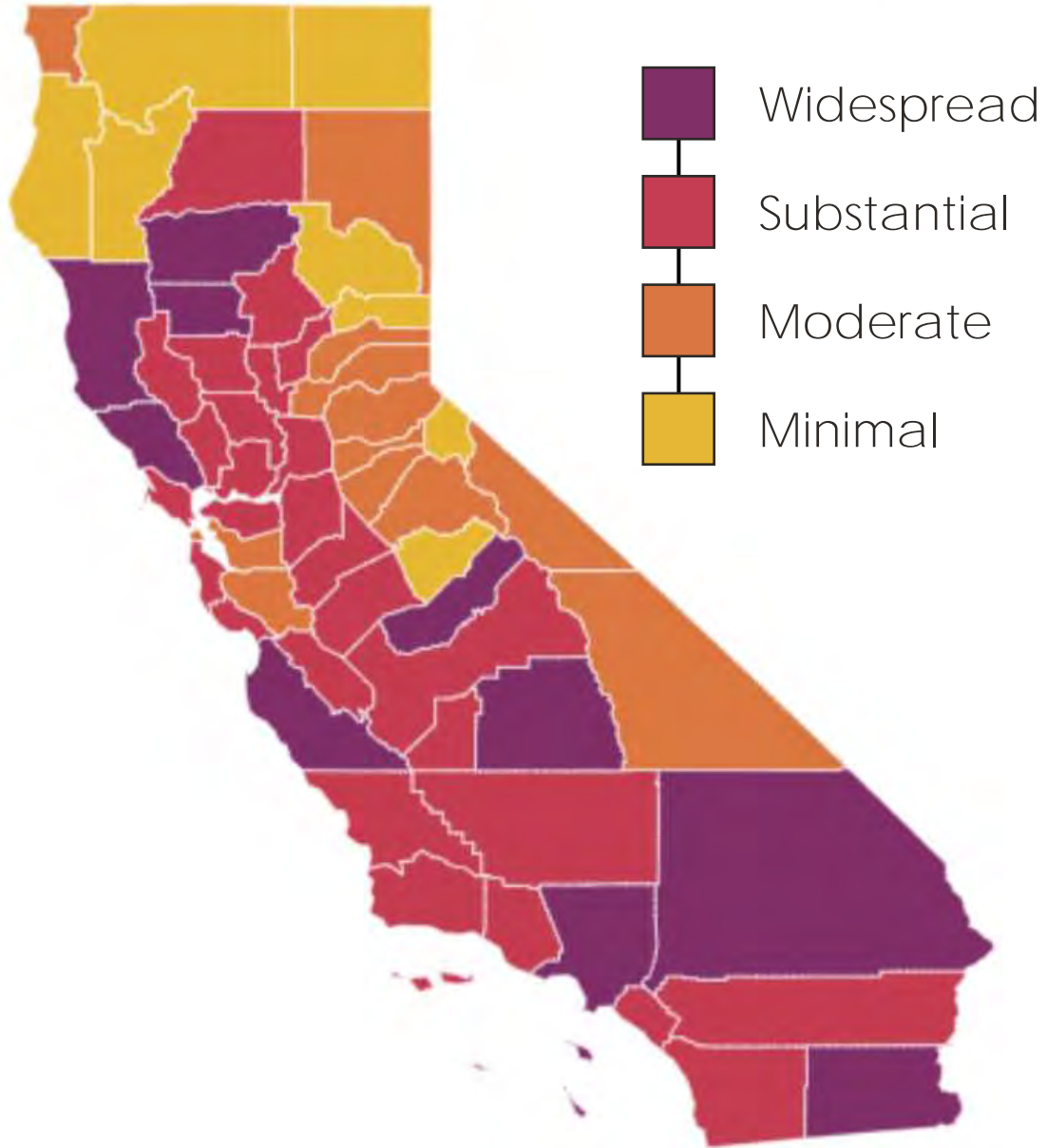
Senior Vice President
External & Cultural Affairs



CALIFORNIA TIERS

Effective September 2020





L.A. COUNTY STATUS

- Tuesday, Oct 13th Report
- Status = Widespread Risk
- Tier 4 = Purple
- Adjusted New Daily Case Count 7.6
- Positivity Rate 3.7
- Week Ending October 3

CALIFORNIA TIER PROCESS

- If case rate & test positivity metrics fall into two different tiers, **more restrictive tier prevails**
- Must remain in a **tier for three consecutive** weeks before being able to advance
- Can only **move forward one tier at a time** even if metrics qualify for a higher tier
- **County** retains the right to implement more **restrictive measures**

**COMPLIANCE IS
CRITICAL**



COVID-19
Safety Compliance
Certificate Program
for Business Owners and Employees

A dark blue rectangular box with orange vertical bars on the left and right sides. On the left side, there is a white checkmark icon. The text inside the box is white and centered.

INITIAL STEPS

- LA County Economic Resiliency Task Force - May
- Restaurant & Hospitality Sub-committee formed “LA Hospitality Working Group” from LA regions
- Submitted “Individual Travel” protocols - June 6
- Submitted “Meeting Protocols” - June 17
- California cases spiked in July/August halting discussion of “gatherings”

“HOSPITALITY WORKING GROUP”

Co-Chaired by Restaurant & Hospitality Sub-Committee Members:

[Patti MacJennett, Los Angeles Tourism](#)

[Javier Cano, JW Marriot LA LIVE, The Ritz-Carlton, Los Angeles](#)

- Peter Kwong, Best Western Plus Dragon Gate
- Mark Sokol, Hotel Erwin
- Kathleen Gosselin, The Avalon Hotel

Employee Experience:

- [Vaughn Davis, Dream Hollywood \(Captain\)](#)
- Tony Mira, The Ritz-Carlton, Marina Del Rey
- Sandy Murphy, The Beverly Hilton
- Karen Englund, Renaissance Long Beach
- Kathleen Gosselin, The Avalon Hotel

Guest Experience:

- [Damien Hirsch, Le Merigot - JW Marriott \(Captain\)](#)
- Nick Rimedio, LA Peer Hotel
- Edward Mady, Beverly Hills Hotel & Bungalows
- Mark Beccaria, Ames-Warner Corporation
- Michael Newcombe, Four Seasons Los Angeles

Meetings (Small Meetings and Large Meetings)

- [Helen Simmons, Omni Los Angeles Hotel \(Co-Captain\)](#)
- [Grant Coonley, Hilton Los Angeles Airport \(Co-Captain\)](#)
- Ken Pilgrim, The Westin Bonaventure Hotel & Suites
- Peter Humig, Beverly Wilshire A Four Seasons Hotel
- Niles Harris, Intercontinental Los Angeles Downtown
- Jeff Zarrinam, Hollywood Hotel
- Scott Mills, The Garland Hotel
- Terri Haack, Terranea Resort
- Stephen Bohjalian, Airtel Hotel

SEPARATING MEETINGS FROM CONVENTIONS

while working on concurrent paths



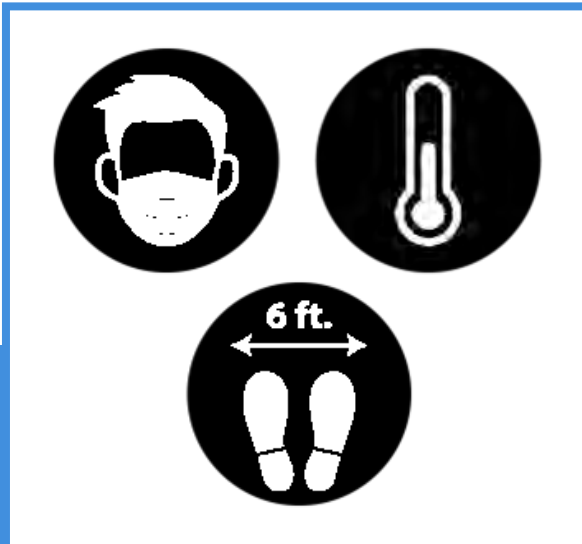
MEETINGS



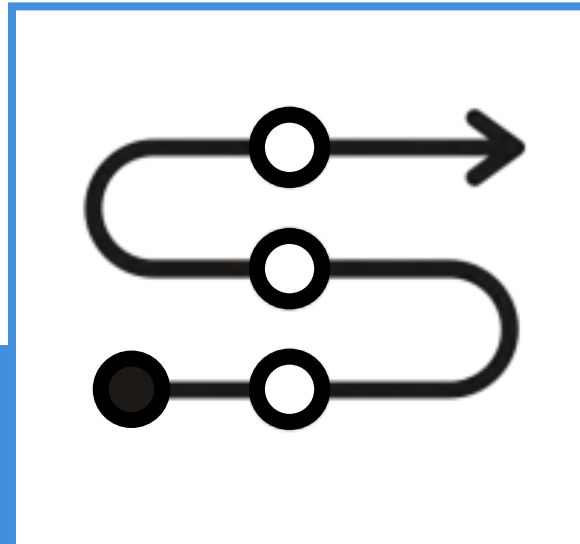
CONVENTIONS

THREE-PRONGED STRATEGY

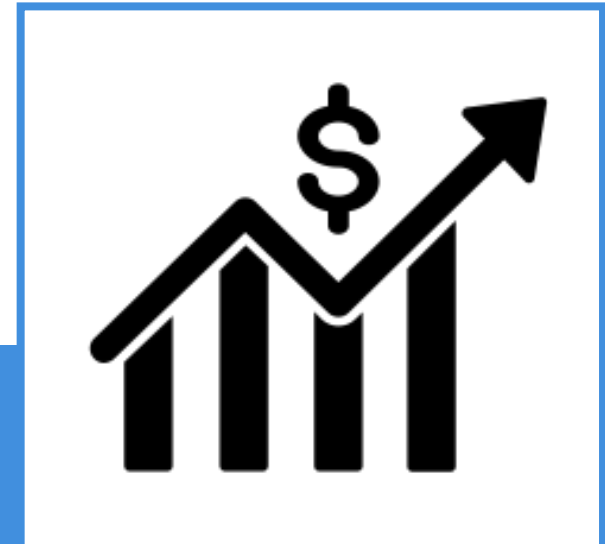
with County & State officials



REVISING
SAFETY
PROTOCOLS
FOR
READINESS



GRADUATED
REOPENING
PROCESS



INFORM & EDUCATE
JOBS/ECONOMIC
IMPACT

THANK YOU

*Los Angeles*TM

Los Angeles Tourism & Convention Board

ITEM 6a

Policy Recommendations for the LACC – Board Report #20-007



POLICY RECOMMENDATIONS FOR THE LOS ANGELES CONVENTION CENTER

BOARD OF LOS ANGELES CONVENTION AND TOURISM
DEVELOPMENT COMMISSIONERS MEETING

OCTOBER 21, 2020



CITY OF
Los Angeles
DEPARTMENT OF
CONVENTION & TOURISM DEVELOPMENT

BACKGROUND

COVID-19 IMPACTS

- Travel restrictions, Los Angeles Safer at Home Order
- Moratorium on mass gatherings
- Cancellation of upcoming citywides and other events at the Los Angeles Convention Center (LACC)
- Declines of the tourism industry and leisure and hospitality sector

REASON FOR RECOMMENDATIONS

- Proactive steps to reduce challenges during the recovery phase
- Emergency measures to help generate revenues for the City and the LACC

SETTING RATES & DISCOUNTING

- General parameters are established by the Los Angeles Administrative Code (LAAC)
- Additional details are covered by internal guidelines and procedures

SUMMARY OF RECOMMENDATIONS

TEMPORARY EMERGENCY CHANGE TO THE LAAC

- Ability to offer rent discounts greater than 35% for local events

TECHNICAL IMPROVEMENTS TO THE LAAC

- Grant the Department of Convention and Tourism Development (CTD) Executive Director the ability to establish a schedule of rates for equipment
- Grant the CTD Executive Director the ability to establish a schedule of rates for special event/marketing spaces

RENT DISCOUNTS ABOVE 35% FOR LOCAL EVENTS

CURRENT PRACTICE

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

ISSUES

- Local event clients are in worse financial shape due to the pandemic
- The LACC may require additional flexibility to retain business and book new clients

PROPOSED IMPLEMENTATION

- Allow the CTD Executive Director the temporary ability to approve rental discounts greater than 35% for events hosted from January 1, 2021 to December 31, 2024

SETTING RATES FOR EQUIPMENT

CURRENT PRACTICE

- Equipment discounting is covered under the space rental discounting provisions in LAAC Section 8.149.1

ISSUES

- Linking equipment discounting to the space rental discounting process is inefficient and contradicts industry standards

PROPOSED IMPLEMENTATION

- Grant the CTD Executive Director the ability to establish the schedule of rates for equipment

SETTING RATES FOR SPECIAL EVENT/MARKETING SPACES

CURRENT PRACTICE

- LAAC is silent on the treatment of rental rates of spaces besides those named in Sections 8.149.2 and 8.149.5 (halls and meeting rooms)

ISSUE

- The authority for setting rates must be granted by City Council

PROPOSED IMPLEMENTATION

- Grant the CTD Executive Director the ability to establish the schedule of rates for special event/marketing spaces

NEXT STEPS

1. Matter to be considered in Economic Development Committee
2. Matter to be considered by full Council and the Mayor
3. City Attorney will draft appropriate ordinance for further Council consideration

RECOMMENDATION

THAT the Board approve the recommended amendments to the Los Angeles Administrative Code as noted in Board Report No. 20-007.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 21, 2020

To: Board of Los Angeles Convention and Tourism Development
Commissioners

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

Subject: **POLICY RECOMMENDATIONS FOR THE LOS ANGELES
CONVENTION CENTER – BOARD REPORT #20-007**

BACKGROUND

On July 15, 2020, this Board made recommendations for temporary, emergency provisions to be added to the Los Angeles Administrative Code (LAAC) in anticipation of significant challenges related to the pandemic stemming from the novel coronavirus (COVID-19). The industry conditions that were presented at that time have not materially improved: the pandemic continues to disrupt life on a global scale and the spread of COVID-19 has not been effectively reduced. Therefore, the reopening and subsequent recovery of the economy will depend more heavily on collaboration between the public and private sector, adequate implementation of safety protocol and guidelines, and the eventual development and delivery of vaccines and/or therapeutics.

Because the Los Angeles Convention Center's (LACC) own financial health has been jeopardized by pandemic-related impacts, it is imperative that the City of Los Angeles (City) be flexible with organizations desiring to book events at LACC once mass gatherings are permissible. The LACC's clients themselves have sustained increasingly significant financial setbacks and will be facing increased expenses due to safety protocols and guidelines once they return. In addition, as of the time of this report, the reopening of convention centers is conspicuously missing from the State of California's Blueprint for a Safer Economy.

DISCUSSION

While reviewing the LAAC in preparation for the emergency provisions that were approved, the Department of Convention and Tourism Development (CTD) staff has identified additional recommended changes, one related to the emergency presented by the pandemic and some technical improvements, for the Board of Los Angeles Convention and Tourism Development Commissioners (Board) to consider in order to

keep events booked at the LACC to support the economic recovery of the City. The following summarizes the proposed changes for LAAC, which were developed with feedback from AEG Management LACC, LLC, the private operator of the LACC.

Rent Discounts for Local Events

Currently, the Flexible Demand Based Space Rental Pricing Policy in the LAAC under Section 8.149.1 allows rental rates for a local event to be adjusted by 35 percent under certain conditions, including for the purpose of increased revenue generation. CTD staff recommends that the CTD Executive Director have the temporary authority to approve space rent discounts exceeding 35 percent for local events. Only events hosted at the LACC from January 1, 2021 through December 31, 2024 would be eligible for consideration under this measure.

The temporary nature of this provision is meant to capture the projected timeline for recovery for the convention industry, and will also coincide with the window of construction for the proposed LACC Expansion and Modernization Project. These proposed changes are not meant to result in automatic benefits for all eligible local event clients. Rather, whether to utilize these measures and the extent to which they are applied will be considered on a case-by-case basis and should only be utilized if necessary to retain and book business. Although less rent would be paid to the LACC, the facility would still benefit from the other associated revenues generated from the event, such as food and beverage, utilities and other services.

Rates for Use of Equipment

Under Section 8.149.1, the current LAAC allows for the discounting of equipment rental at the LACC under two provisions: Flexible Demand Based Space Rental Pricing or under the City-wide discounting policy. However, this creates an excessive administrative burden with very little monetary reward and adds complexity to a process that should instead be streamlined and efficient. Therefore, CTD staff recommends the CTD Executive Director should have the discretion to establish the schedule of rental rates for equipment. This will help the LACC retain desirable business and increase the ability to be competitive in the industry by meeting equipment pricing standards while better managing limited administrative resources. This technical improvement will require changes to both Sections 8.149.1 and 8.149.6 of the LAAC.

Rates for Use of Special Event/Marketing Spaces

LACC clients frequently rent spaces in the facility and around the campus besides the exhibit halls and meeting rooms, however, the LAAC is silent on how to charge for the use of these spaces. CTD staff recommends that a new provision be added to the LAAC

in Section 8.149 to capture the rental and utilization of these spaces by allowing the Executive Director to establish a schedule of rates for these spaces.

RECOMMENDATIONS

Staff recommends that the Board of Los Angeles Convention and Tourism Development Commissioners:

1. 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", to grant the Department of Convention and Tourism Development (CTD) Executive Director the temporary ability to approve rent discounts exceeding 35 percent for local events hosted at the Los Angeles Convention Center (LACC) from January 1, 2021 through December 31, 2024.
2. Approves and forwards a recommendation to the Los Angeles City Council that would request that the City Attorney amend the LAAC Sections 8.149.1 and 8.149.6 to grant the CTD Executive Director the ability to establish the schedule of rates for the use of equipment at the LACC.
3. Approves and forwards a recommendation to the Los Angeles City Council that would request that the City Attorney amend the LAAC Section 8.149 to grant the CTD Executive Director the ability to establish the schedule of rates for the use of spaces not named in LAAC Sections 8.149.2 and 8.149.5.

Attachment: Los Angeles Administrative Code Section 8.149

cc: William Chun, Deputy Mayor of Economic Development
Ron Frierson, Director of Economic Policy
Angeline Buenaventura, Mayor's Office of Economic Development
Kimberly Miera, Deputy City Attorney
Derik Pearson, Senior Administrative Analyst
John Wickham, Office of the Chief Legislative Analyst
Patti MacJennett, Sr. Vice-President, Business Affairs
Ellen Schwartz, General Manager

ITEM 6b
2019-20 Earned & Discretionary
Incentive Fee Payments – Board
Report #20-005



Earned and Discretionary Incentives

Actuals for 2019-20

Goals for 2020-21



Recommendations for the Board's Consideration

- Approve payment of the Earned and Discretionary Incentive Fees for 2019-20
- Approve the Incentive goals and metrics proposed for 2020-21



Three Types of Annual Fees

1. Base Management Fee – annual fixed fee paid in monthly increments, paid for performance in the amount of \$175,000.00 subject to the annual CPI adjustment.
2. Earned Incentive Fee (EIF) – annual fee that is earned when actual revenues exceed budget. Maximum potential EIF is 50% of the Base Management Fee.
3. Discretionary Incentive Fee (DIF) – annual fee eligible for consideration upon satisfying the requirements of the Earned Incentive Fee AND the DIF annual goals. Maximum potential DIF is 50% of the Base Management Fee.

Base Management Fee

Fiscal Year		Base Management Fee
FY 2013-14	\$	118,078.00
FY 2014-15	\$	177,616.90
FY 2015-16	\$	179,025.28
FY 2016-17	\$	182,298.60
FY 2017-18	\$	185,827.03
FY 2018-19	\$	189,543.60
FY 2019-20	\$	193,334.40



Earned Incentive Fee

1. The Earned Incentive Fee is calculated as 75 % of the amount by which the actual total Operating Revenues exceed budgeted Operating Revenues, capped at 50 % of the Base Management Fee
2. The Operating Revenues for Fiscal Year 2019-20 did not exceed the budgeted number due to COVID-19 impacts.
3. CTD recommends a prorated payment for Fiscal Year 2019-20, because AEG-LACC's revenues were above budget for 10 out of the 12 months.



Earned Incentive Fee

- CTD recommends a payment in the amount of 10/12 of the potential Earned Incentive Fee.

Budgeted Operating Revenues	Actual Operating Revenues	Budgeted Through April 2020	Actual Through April 2020	Maximum Earned Incentive Fee	Prorated Earned Incentive Fee
\$30,183,380	\$27,808,768	\$25,570,758	\$25,998,721	\$96,667.20	\$80,556



Discretionary Incentive Fee – FY 2019-20

1. The maximum potential Discretionary Incentive Fee for Fiscal Year 2019-20 is \$96,667.20. The Operating Revenues for Fiscal Year 2019-20 did not exceed the budgeted number due to COVID-19 impacts.
2. Similar to the Earned Incentive Fee, CTD recommends an adjusted maximum potential DIF in the amount of \$80,556, which is 10/12 of the original potential maximum DIF.



Discretionary Incentive Fee – FY 2019-20

- In October 2019, the Board approved the performance goals outlined below.
- Goals and metrics mutually agreed upon by CTD and AEG-LACC.

Category 1 – 40%	Implementation of Enhanced Customer Service	Permanent
Category 2 – 40%	Implementation of Enhanced Facility Maintenance	Permanent
Category 3 – 20%	Enhancing Food Services	Flexible



Category 1

Implementation of Enhanced Customer Service

Based on a scale of 5.0		FY 2019-20 Goal	FY 2019-20 Actual
1a	Overall client satisfaction (AEG surveys)	4.7	4.5
1b	Overall client satisfaction (LATCB surveys)	4.0	3.9
1c	Overall satisfaction with Facility Security (AEG surveys)	4.6	4.6
1d	Operational improvements that enhanced customer service	Meet Expectations	Expectations Met

Category 1

Implementation of Enhanced Customer Service

- Utilization of customer surveys issued by both AEG-LACC and LATCB.
- AEG-LACC surveyed approximately 113 clients, and had a rate of return of 42%.
- LATCB's 92% rate of return is based on 13 post convention surveys.



Category 2

Implementation of Enhanced Facility Maintenance

		FY 2019-20 Goal	FY 2019-20 Actual
2a	Recycling diversion rate/Total facility diversion rate	70%, 70%	61%, 70%
2b	Water reduction initiative completed	Meet Expectations	Expectations Met
2c	Completion of Preventative Maintenance work and quarterly reporting	Pass	Pass
2d	Operational improvements and efficiencies implemented	Meet Expectations	Expectations Met

Category 2

Implementation of Enhanced Facility Maintenance

- Recycling Diversion Rate - In FY 2018-19 AEG-LACC recommended a change in methodology to the recycling diversion rate. Rather than considering the total amount of waste diverted from landfills in the traditional sense, we would also consider a *Zero Waste* approach that strives to reduce the amount of waste generated via various zero waste initiatives and strategies.



Category 2

Implementation of Enhanced Facility Maintenance

- Water Reduction Initiative - AEG-LACC installed (50) new water faucets in food services areas, which saves approximately 700,000 gallons per year as estimated by AEG-LACC.
- Execution of preventative maintenance work - CTD believes AEG-LACC demonstrated satisfactory performance for sub-category 2c. AEG-LACC continued to utilize Micromain in tracking and recording preventative maintenance, and submitted quarterly reports to CTD.
- Facility maintenance, improvements, efficiencies - AEG-LACC completed the several operational improvements and efficiencies which CTD believes demonstrate satisfactory performance for this sub-category (see Board Report).

Category 3

Implementation of Food Services

		FY 2019-20 Goal	FY 2019-20 Actual
3a	Overall satisfaction with food and beverage (AEG surveys)	4.4	4.2
3b	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.2
3c	Quality of food (LATCB surveys)	4.0	4.0
3d	Food and beverage profit margin	26%	25%


Recommendation

That the Board approves the payment of the Earned Incentive Fee (EIF) and Discretionary Incentive Fee (DIF) for Fiscal Year 2019-20, in the amount of \$161,112.00.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 16, 2020

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 2019-20 EARNED INCENTIVE FEE (EIF) AND
DISCRETIONARY INCENTIVE FEE (DIF) PAYMENTS– BOARD
REPORT #20-005**

RECOMMENDATION:

That the Board of Los Angeles Department of Convention and Tourism Development Commissioners (Board), subject to receipt of the annual audit from AEG Management LACC, LLC (AEG-LACC), approves the payment of the Earned Incentive Fee (EIF) and Discretionary Incentive Fee (DIF) for Fiscal Year 2019-20, as referenced in Sections 5.3 and 5.4 of the Management and Operation Agreement, also referred to as Management Agreement (Attachment) between the City of Los Angeles (City) and AEG-LACC, in the amount of \$161,112(\$80,556 as EIF and \$80,556 as DIF).

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 2019-20 is \$386,668.80. 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 2019-20.

Base Management Fee	\$ 193,334.40
Earned Incentive Fee	96,667.20
Discretionary Incentive Fee	96,667.20
TOTAL	\$ 386,668.80

The following is a description of the fees.

1. **Base Management Fee** – An annual fixed fee in the amount of \$193,334.40 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 EIF is paid when total actual operating revenues exceed the approved annual operating budget for an agreement year.
 - a. Earned Incentive Fee – The EIF 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. The Operating Revenues for Fiscal Year 2019-20 did not exceed the budgeted number due to COVID-19 impacts. CTD recommends a prorated payment for Fiscal Year 2019-20 because AEG-LACC’s revenues were above budget for 10 out of the 12 months. Therefore, CTD recommends a payment in the amount of 10/12-th of the potential EIF.

Budgeted Operating Revenues	Actual Operating Revenues	Budgeted Through April 2020	Actual Through April 2020	Maximum Earned Incentive Fee	Prorated Earned Incentive Fee
\$30,183,380	\$27,808,768	\$25,570,758	\$25,998,721	\$96,667.20	\$80,556

- b. Discretionary Incentive Fee – If AEG-LACC qualifies to receive the EIF above, and if CTD favorably evaluates AEG-LACC’s performance based upon the agreed categories and metrics, AEG-LACC shall be paid a DIF, subject to the approval of the Board. The DIF is capped at 50 percent of the Base Management Fee. The maximum potential DIF for Fiscal Year 2019-20 is \$96,667.20. CTD recommends prorating the maximum potential DIF for Fiscal Year 2019-20 because AEG-LACC’s revenues were above budget for 10 out of the 12 months. Therefore, CTD recommends an adjusted maximum potential DIF in the amount of \$80,556, which is 10/12-th of the original potential maximum DIF.

2019-20 Discretionary Incentive Fee Evaluation Results

In October 2019, the Board approved the performance goals outlined below for determining payment of the DIF. 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 2019-20 prorated DIF payment in the amount of \$80,556. The CTD believes that AEG-LACC has demonstrated satisfactory performance in all categories.

1. Implementation of enhanced customer satisfaction:

CATEGORY 1		Goal	Result
1a.	Overall client satisfaction (AEG surveys)	4.7	4.5
1b.	Overall client satisfaction (LATCB surveys)	4.0	3.9
1c.	Overall satisfaction with facility security (AEG Survey)	4.6	4.6
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 & Convention Board (LATCB). Surveys conducted by AEG-LACC were based on a 42 percent response rate of 113 surveyed events. Surveys conducted by LATCB were based on a 92 percent response rate for 13 post convention surveys. Although the results are 0.2 points shy of reaching the goals for 1a and 0.1 for 1b, CTD believes these results demonstrate satisfactory performance.

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

- ✓ Overhaul of “Taste of LA” cafes and concessions menu to include healthier fresh food options and updated to more sustainable packaging.

- ✓ Enhanced output through LACC restaurant and café outlets by adding additional signage and by re-engineering the menu to provide customers with increased healthy choices, food quality, and speed of service.
- ✓ Redesigned large event meal services to accommodate clients and attendees' food preferences in an efficient, time conscious, and unique way, while preserving the uniqueness of Los Angeles local food scene.
- ✓ Expansion of LACC in-house pastry program to incorporate gluten free, vegan, and keto pastries.
- ✓ Expansion of partnership with Food Fleet, which allowed for greater access to resources and flexibility, to provide unique local food and beverage experience for attendees.
- ✓ Taught ENCORE Standards to contracted parking staff to enhance overall customer experience for employees, clients, and guests.
- ✓ Three employees were certified in John Hopkins Contact Tracing to allow for improved response and communication with clients, guests, and regulatory departments
- ✓ Implemented an online credit card payment portal that interfaces with Ungerboeck service orders, allowing clients to make real-time credit card payments via a secure link that posts timely to event estimates and settlements.
- ✓ Developed two new resource tools to assist clients and contractors make effective decisions during the planning stages for their events.

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.

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

*In FY 2018-19 AEG-LACC recommended a change in methodology to the recycling diversion rate. Rather than considering the total amount of waste diverted from landfills in the traditional sense, we would also consider a *Zero Waste* approach that strives to reduce the amount of waste generated via various zero waste initiatives and strategies. CTD is recommending that we measure both the recycling diversion rate (industry standard) as well as *Zero Waste* diversion rate for Category 2a.

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 2019-20 would amount to 61 percent. This decline is heavily driven by the City's decision to transition to a franchise service provider through the citywide *recycLA Program* in which eleven zones within the City are serviced exclusively by designated waste collection companies. Although the goal of the *recycLA 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 have been investigating with the Bureau of Sanitation.

A second factor in evaluating waste diversion is the zero waste approach. The zero waste approach strives to reduce the amount of waste generated in the first place by implementing strategies and initiatives to reduce the overall waste stream. AEG-LACC has implemented zero waste practices, which include adjusted methods of purchasing and disposal, and additional sustainable practices. An effective zero waste strategy inherently results in a reduction of waste to be diverted. As such, the zero waste efforts can impact the traditional recycling diversion figures, and as the zero waste efforts are maximized and less waste is created, the amount of waste recycled could decrease.

Note that the zero waste diversion rate factors in performance at reducing waste generation, while the recycling diversion rate focuses on performance at diverting the waste that is generated.

As a result, CTD is recommending that we measure both the recycling diversion rate (industry standard) as well as zero waste diversion rate for Category 2a.

Water reduction initiatives - AEG-LACC installed (50) new water faucets in food services areas, which generate an estimated saving of 700,000 gallons per year as estimated by AEG-LACC.

Execution of preventative maintenance work - CTD believes AEG-LACC demonstrated satisfactory performance for sub-category 2c. AEG-LACC continued to utilize Micromain in tracking and recording preventative (work orders) maintenance, and submitted quarterly reports to CTD.

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

- ✓ Implemented new damage capture and reporting procedures for events with the ability to upload to Ungerboeck database.
- ✓ Established new donation partners such as LA LGBT Center, Girl Scouts of America, Project 24 and Salvation Army Center, donating over 200 tons of material.
- ✓ Established a Blue Tower Program to promote high standards of safety and wellness within the facility and infectious disease prevention practices.
- ✓ Created a zero waste event checklist for event planners to ensure zero waste and reduced waste efforts during pre, during, and post show.

3. Implementation of Food Services

As implemented for Category 1, the CTD utilized 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	4.2
3b.	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.2
3c.	Quality of food (LATCB surveys)	4.0	4.0
3d.	Food and beverage profit margin	26%	25%

FISCAL IMPACT:

The EIF and DIF will be paid from the Convention Center Operating Account and have no impact on the General Fund.

ATTACHMENTS:

- A. Management Agreement via link
<https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccon.viewrecord&contractnum=C-123199>
- B. Letter from AEG-LACC dated July 31, 2020

DL:ta



Mr. Doane Liu
Executive Director
Los Angeles Department of Conventions and Tourism Development
1201 S. Figueroa Street
Los Angeles, California 90015
Via email

July 31, 2020

Dear Doane:

Section 5.4 of the Management Agreement between AEG Management LACC, LLC and City of Los Angeles provides the ability to earn a Discretionary Incentive Fee in the event total operating revenues exceed operating revenues projected in the approved annual operating budget. Although we did not exceed the budgeted revenue number of 30.2 million, due to the impact of CoVid 19, we were on track to exceed it should the pandemic not have occurred. We ended the year at 27.8 million in revenue and were on track to reach over 32 million. As such, we are requesting consideration of the payment of the Discretionary Incentive Fee based on the accomplishments detailed in this letter.

The criteria for the Discretionary Fee for FY19/20:

- (1) Implementation of enhanced customer service
 - a. Overall client satisfaction (LACC surveys)
 - b. Overall client satisfaction (LATCB surveys)
 - c. Overall satisfaction with facility security (LACC survey)
 - d. Operational improvements that enhance customer service
- (2) Implementation of enhanced facility maintenance
 - a. Total facility diversion rate
 - b. Water reduction initiatives completed
 - c. Execution of Preventative Maintenance Plan
 - d. Operational improvements and efficiencies implemented
- (3) Implementation of food services
 - a. Overall satisfaction with food and beverage (LACC surveys)
 - b. Overall satisfaction with food and beverage (LATCB surveys)
 - c. Quality of food (LATCB surveys)
 - d. Food and beverage profit margin

Our accomplishments related to the established criteria for FY 19/20 follow.

Category 1 – Implementation of Enhanced Customer Service

1a – Overall client satisfaction (LACC Surveys):

Overall client satisfaction on LACC survey results is 4.5 on a five-point scale. Goal for the year was a 4.7. See survey results attached in Enclosure 1 – LACC Survey Summary & Detail. Note that survey criteria were changed in prior year to provide additional category (Neutral).

1b – Overall client satisfaction (LATCB surveys):

Overall client satisfaction on LATCB survey results is 3.9 out of 5. Goal for the year was a 4.0. See survey results attached in Enclosure 2 – LATCB Survey Results.

1c – Overall satisfaction with Facility Security (AEG surveys):

Overall client satisfaction with facility security is 4.6 on a 5 five-point scale. Goal for the year was a 4.6. See survey results attached (see attached Enclosure 1 – LACC Survey Summary & Detail)

1d - Operational improvements that enhanced customer service:

Improvements in Food and Beverage

- Overhaul of “Taste of LA” cafes and concessions menu to include healthier fresh food options and updated to more sustainable packaging.
- Redesign of catering presentation to be cohesive with new café and concession menu and focused on client specific needs to maximize the customer experience.
- Reduced sugary beverage options and replaced with low and no calorie Iced Teas and flavored waters.
- Enhanced output through our Restaurant and Café outlets by adding additional signage and by re-engineering the menu to provide customers with increased healthy choices, food quality, and speed of service.
- Redesigned large event meal services to accommodate clients and attendee’s food preferences in an efficient, time conscious, and unique way, while preserving the uniqueness of Los Angeles local food scene.
- Expansion of our in-house pastry program to incorporate Gluten Free, Vegan, and Keto pastries.
- Expansion of partnership with Food Fleet, which allowed us, and ultimately the client greater access to resources and flexibility, to provide unique local food and beverage experience for our attendees.
- Utilized event based proforma models for large events to maximize our and client’s success, by providing additional options tailored for client budgets, greater transparency, and the ability to maximize event experiences.
- Increased focus on quantitative analytics to optimize food cost and portion sizes to minimize food waste during production, which helped contribute to a reduced carbon footprint and the zero waste initiative.

Improvements in Security, Guest Services and Safety

- Installation of (29) new security cameras throughout the facility resulting in increased surveillance coverage as well as safety for our employees, clients, and guests.
- Additional training and electronic mapping of security camera network to expedite troubleshooting and reduce reliance on outside contractors.
- Launch of Sharps Disposal Program, which trained security management and security supervisors in the safe and proper removal of sharps.
- Additional certification in First Aid, CPR and AED for LACC employees.
- Taught ENCORE Standards to contracted parking staff to enhance overall customer experience for employees, clients, and guests.
- Employees (2) certified in AVADE self-defense and de-escalation training.

- Employees (3) certified in John Hopkins Contact Tracing to allow for improved response and communication with clients, guests, and regulatory departments.

Improvement in Building Operations

- Installed dimming control system in the 300 meeting rooms.
- Installed changeable message signs for parking garages on Pico, Venice & Convention Center Drive.
- Continued upgrading LED lighting in various areas.
- Upgrade LED exit signs meeting 300, 400 level, South garage, Venice garage.
- Implemented new damage capture and reporting procedures for events with the ability to upload to Ungerboeck.
- Established new donation partners such as LA LGBT Center, Girl Scouts of America, Project 24 & Salvation Army Center, donating over 200 tons of donatable items and material.
- Created a zero waste event checklist for event planners to ensure zero waste and reduced waste efforts during move in, show and move out.
- Established Blue Tower Program to promote high standards of safety and wellness within the facility and infectious disease prevention practices.
- Established human experience survey with Guest Services department to promote a healthy green building, and measure building satisfaction and carbon footprint; modes of transportation to the LACC in support of LEED recertification.
- Replaced (50) 1.5 GPM faucets to 0.5 GPM within main kitchen, pantries, and concession stands; saving an estimated 706,000 gallons per year.

Improvement in Event Management

Ungerboeck -

- Developed the ability to separate and sort orders (services) and differentiate billing on the event settlement. This allowed LACC to split appropriate expenses earmarked for the general service contractor (ie. damages) vs the Licensee resulting in settlements being finalized quickly.
- Expanded the use of service orders which resulted in event estimates and settlements that offered much more detail and explanation for clients.
- Implemented an online credit card payment portal that interfaces with Ungerboeck service orders. Clients can make real-time credit card payments via a secure link that posts timely to event estimates and settlements. The use of the credit card portal has also contributed to the seamless and convenient process within exhibitor services (parking and additional HVAC services) for two of LACC's largest annual events – E3 and the LA Auto Show.

iPlan -

- Event Services worked with iPlan developers in improving the way LACC designs space diagrams to ensure accuracy, detailing and responsiveness to client’s floor plan requirements. These enhancements allowed greater collaboration with clients with the ability to email a diagram to a client directly from iPlan and clients’ ability to respond and provide feedback. Event Managers verified and revised floor plans for all standard space set-up that were uploaded to www.lacclink.com’s interactive floor plan feature for clients, contractors and LATCB to easily access.

New Client Resources. Two new resource tools were developed to assist clients and contractors make effective decisions during the planning stages for their events.

- The Event Marketing deck is a comprehensive document that showcases event marketing opportunities with dimensions, rates and locations using visual references.
- The Freight Doors Guide houses all freight access by type, dimensions and location in a single-source reference tool.

COVID-19 Response - In response to the onset of the COVID-19 crisis in the last quarter of FY2020, Event Services developed reference documents that are being used to assist clients navigate this uncharted era.

- All template room set diagrams were redrawn with physical distancing standards.
- The standard room set-up capacity chart was updated to incorporate physical distancing specifications.
- Created the “Be UnConventional” one-sheet which guides clients through recommendations and best practices to consider during the planning process of their event.
- Developed “We’ll Meet You There,” the LACC Roadmap to Recovery.
- Continued to develop the collaboration with partners across the LA Live entertainment campus to troubleshoot and find successful traffic and pedestrian solutions for full-campus events such as Kobe memorial, LA Auto Show, Anime Expo, Adobe Max, Emmy’s, Grammy’s and many citywide conventions.

Category 2 – Implementation of Enhanced Facility Maintenance

2a – Total Facility Diversion Rate

LACC recycling diversion rate was 70%. Goal for year was 70%.

In FY 2019-2020, the LACC transitioned from capturing a recycling diversion to a total facility diversion rate. This enabled the LACC to capture all additional streams that support the mayor’s directive of a zero waste initiative. The new methodology enables the LACC to calculate a comprehensive facility diversion rate and includes reporting on key performance indicators such as recycling diversion, waste reduction, waste to energy, and landfill. Notable clients that embraced all the practices and implemented them into their events includes GSMA, Adobe, LA Marathon, Net Zero, and MusiCares. Baisakhi, a flagship community event, was preparing to implement zero waste initiatives into their event in April by utilizing the zero waste event planning checklist.

Due to Covid 19, recycling efforts were halted as recycling facilities were closed from March-June. However, the LACC's continued its zero waste efforts to promote waste reduction by donations and the pack in/pack out policy throughout the year; contributing 26% diversion towards the overall facility rate. (See attached Enclosure 3 – Total Facility Diversion Report)

2b – Water reduction initiatives completed

- Installed (50) new water faucets, which generated an estimated saving of 706,000 gallons per year (See Enclosure 4 – Water Reduction Initiatives & Achievements). These faucets were installed in the following locations:
 - Main Kitchen: 15 faucets replaced
 - Stand 1: 3 faucets replaced
 - Stand 3: 3 faucets replaced
 - Stand 5: 4 faucets replaced
 - Stand 6: 4 faucets replaced
 - Compass Café: 6 faucets replaced
 - Concourse: 3 faucets replaced
 - 400's: 6 faucets replaced
 - 300's: 3 faucets replaced
 - West: 3 faucets replaced

2c – Completion of Preventative Maintenance Work

- i. The LACC continues to utilize Micromain in tracking and recording preventative and corrective (work orders) maintenance.

Key factors in execution include:

- Asset collection/verification
- Inventory entry
- Preventive maintenance schedules
- Routine inspections
- work request/work orders
- Scheduling/planning
- Vendor/contractors
- Procurement of capital improvement projects
- Supplies purchases

Our maintenance team includes two part-time CMMS data entry administrative assistants whose primary roles are to input and reconcile all data with workorders. Additional routine inspections of system and system reports are conducted by staff. Internal team meetings occur weekly to go over all information including vendor/contract preventive maintenance, in house preventive maintenance/schedules, assets, end-user usage, labor, inventory, regulations, routine inspections, procurements, new discoveries, equipment manufacturer recommendations. As the data is being entered, the team uses the system to schedule preventive maintenance, routine inspections, work requests, and generate reports.

- Published versions include new formatting of plan, table of content & index of all PM items, provided O &M Reference for all applicable PMs, and schedule of items based on frequency of maintenance.
Version 1: Original PM plan- CTD/ASM meeting in September 2019
Version 2: Submitted October 2019
Version 3: Submitted May 2020
Version 4: revision pending
- ii. Preventative Maintenance reports on all preventative activity have been submitted within their responding quarter dates as follows:
 - July- September: Submitted September 30th, 2019
 - October- December 2019: Submitted January 15th, 2020
 - January-March 2020: Submitted April 15th, 2020
 - April-June 2020: Submitted July 15th, 2020

2d - Operational improvements and efficiencies implemented

- Installed dimming control system in the 300 meeting rooms
- Installed VFDs & motors within the following areas: (8) within south cooling tower, (4) within condenser pumps (4) chilled water pumps, and (32) on sixteen AHUs allowing maximized energy conservation and provide control comfort throughout the building
- Installed sheet metal troughs in the west hall garage
- Modernized Elevator P15
- Modernized Elevator P4
- Installed (29) additional cameras for security surveillance
- Installed changeable message signs for parking garages on Pico, Venice & Convention Center Drive
- Installed software upgrade for security surveillance system
- Installed additional switches for security surveillance system
- Installed LNVR replacement for security surveillance system
- Upgraded (3) Security Command Center workstations
- Upgraded ATS LL1 & LL2 for electric fire pumps (Convention Center Drive)
- Reseal gutters over entrances for West & South Towers
- Continued upgrading LED lighting in various areas
- Addition of (2) access control readers to ensure additional level of security in critical areas.
- Conducted & completed annual testing on chillers
- Installed new chill water butterfly valves on Chiller 2,7
- Installed butterfly valves on condenser water for Chiller 2
- Completed installation of (7) water heaters to the following areas: (1) Galaxy kitchen, (1) South employee breakroom, (1) men's restroom adjacent to Hall B, (1) women's restroom Hall H, (1) Groundworks south lobby, (1) Kentia women's restroom, (1) Stand 3
- Replaced (50) 1.5 GPM faucets to 0.5 GPM within main kitchen, pantries, and concession stands; saving an estimated 706,000 gallons per year.
- Upgrade LED exit signs meeting 300, 400 level, South garage, Venice garage
- Epoxied 300 series mechanical and boiler rooms
- Upgraded Siemens communication BIMM in concourse mechanical room and

central plant

- Implemented new damage capture and reporting procedures for events with the ability to upload to Ungerboeck
- Developed a tailored syllabus and work tasks schedule for internship program with Verbum Dei High School to provide a rewarding on the job experience.
- Transition to Microsoft teams for increased collaboration, communication, and risk mitigation.
- Established new donation partners such as LA LGBT Center, Girl Scouts of America, Project 24 & Salvation Army Center, donating over 200 tons of donatable items and material
- Created a zero waste event checklist for event planners to ensure zero waste and reduced waste efforts during pre, during, and post show
- Established Blue Tower Program to promote high standards of safety and wellness within the facility and infectious disease prevention practices
- Established human experience survey with Guest Services department to promote a healthy green building, and measure building satisfaction and carbon footprint; modes of transportation to the LACC.
- Exhibitor Magazine's 2020 Centers of Excellence Award - North America's Top Convention Centers

2di-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

- Building inspections were established with CTD on facility projects including A&Is and CIPs. Close out packages for A&I's and CIP's were also provided for completed projects. Conversation & walkthroughs for future projects of improvement to the facility were established to increase communication, i.e. Corrugated Roof project and Mechanical Test Panel

2dii.-Develop and implement initiatives to further improve Convention Center's sustainability and resiliency.

- A zero waste event checklist, cleaning contractor packet, and increased communication with NASA and Dept of Sanitation including in person and online meetings have been established. This has aided in reaching the total facility diversion rate.

2diii.-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

- The sustainability accomplishments and achievements were updated in December 2019, and July 2020. The updated December list was sent to CTD in March 2020 (see attached Enclosure 5 – Major Environmental Initiatives & Achievements).

2div.-Train all building operating engineers on the use of utilizing daylight harvesting feature on our current general electric lighting system.

- BOEs have been trained in scheduling lighting patterns, time of day calendar and dusk to dawn, including when events are in session. BOEs utilize event schedule to

set the parameters per building section. During non-event hours, BOE's maximize energy efficiency by utilizing the dusk to dawn photocells and lighting schedules.

2dv.-Install motion sensors in all offices, bathrooms, and shop areas creating sustainable workspaces.

- o High risk and staff areas were prioritized. Areas included electrical rooms, mechanical equipment rooms, storages and garages. Due to budget constraints, additional motion sensors in areas not utilized as frequently will be addressed in phases

2dvi. -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 *RecycLA Program* and the Mayor's Sustainability Directives

- o In Partnership with Marketing, Sales, Event Services and LATCB, information and programs available at the LACC are communicated via e-file documents on how to produce a sustainable event at LACC. This program has been elevated to include a Zero Waste Checklist for event planners, contractors and future clients. (see attached Enclosure 6 – Sustainability and Zero Waste Guide)

2dvii.-Maintain comprehensive operating policies and procedures for sustainable efforts

- o A e-file has been established and available for clients, attendees, LATCB, contractors who request more information on LACC's sustainable practices. LATCB utilizes this information when selling the facility to Citywide clients who are looking for a sustainable building and city to bring their event (see attached Enclosure 6 - Sustainability and Zero Waste Guide)

2dviii. -Create visual aids around the facility to educate clients, attendees and staff on sustainable practices

- o A facility walkthrough was conducted with NASA's zero waste coordinator to evaluate and develop visual aids to educate clients, attendees, contractors and staff on sustainable practices. Visual aids were posted in contractor check in areas, lunchrooms, docks, and provided as part of the e-file on sustainable practices at LACC. In conjunction with LACC marketing, the sustainable kiosk was maintained with new projects, innovations and sustainable information. (see attached Enclosure 7 - RecycLA)

2dviii. -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.

- o Operations in conjunction with Event Services developed a SOP to capture all pre, post damages by event by utilizing Google business applications and uploading the links to Ungerboeck. All facility operations information is easily accessible and sharable to provide documentation to clients. (see attached Enclosure 8 - Damage

Reporting Standard Operating Procedures)

Category 3 – Implementation of Food Services

3a – Overall satisfaction with food and beverage (LACC surveys)

Overall client satisfaction with food and beverage on LACC survey result is 4.2 on a five-point scale. Goal for the year was a 4.4. See survey results attached in Enclosure 1 – LACC Survey Summary & Detail.

3b – Overall satisfaction with food and beverage (LATCB surveys)

Overall client satisfaction on LATCB survey result is 4.2 out of 5. Goal for the year was 4.0. See survey results attached in Enclosure 2 – LATCB Survey Results.

3c – Quality of food (LATCB surveys)

Quality of Food on LATCB survey result is 4.0. Goal for the year was 4.0. See survey results attached in Enclosure 2 – LATCB Survey Results.

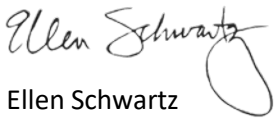
3d – Food and beverage profit margin

Food and Beverage profit margin finished at 25.1% per the financials vs budget of 26.0%. Levy had a profitable year at LACC generating \$3.74 million on sales of \$14.9 million. Note that through February of 2020 (Pre-Covid), Food and Beverage profit margin was 27.5% vs budgeted YTD rate of 23.8%.

We feel given the unusual and extenuating circumstances of this year coupled with accomplishments listed in this letter, we should qualify for 100% of the Management Incentive Fee.

Thank you for your consideration, continued partnership and support.

Sincerely,



Ellen Schwartz
General Manager
Los Angeles Convention Center

Enclosures (Zip File):

- 1) LACC Survey Summary & Detail
- 2) LATCB Survey Results
- 3) Total Facility Diversion Report
- 4) Water Reduction Initiative
- 5) Major Environmental Initiatives & Achievements
- 6) Sustainability and Zero Waste Guide
- 7) RecyclA
- 8) Damage Reporting Standard Operating Procedures

Cc: Tigran Avetisyan
Ben Zarhoud
Ana Aldana

ITEM 6c
2019-20 Incentive Goals – Board
Report #20-006



Goals For FY 2020-21

- The Board shall annually set the goals for the Discretionary Incentive Fee.
- Categories defined by both the Management Agreement & staff.
- Goals and metrics mutually agreed upon by CTD and AEG-LACC.
- Quantitative vs. Qualitative.

Category 1 – 40%	Implementation of Enhanced Customer Service	Permanent
Category 2 – 40%	Implementation of Enhanced Facility Maintenance	Permanent
Category 3 – 20%	Alternative Uses of Facility	Flexible



Category 1

Implementation of Enhanced Customer Service

Based on a scale of 5.0		FY 2019-20 Goal	FY 2019-20 Actual	FY 2020-21 Goal
1a	Overall client satisfaction (AEG surveys)	4.7	4.5	4.7
1b	Overall client satisfaction (LATCB surveys)	4.0	3.9	4.0
1c	Overall satisfaction with Facility Security (AEG surveys)	4.6	4.6	4.6
1d	Operational improvements that enhanced customer service	Meet Expectations	Expectations Met	Meet Expectations
1e	Overall satisfaction with food and beverage (AEG surveys)	4.4	4.2	4.4
1f	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.2	4.0
1g	Food and beverage profit margin	26%	25%	18% to 24%

CATEGORY 2

Implementation of Enhanced Facility Maintenance

		FY 2019-20 Goal	FY 2019-20 Actual	FY 2020-21 Goal
2a	Recycling diversion rate	70%	61%	70%
2b	Zero waste diversion rate	70%	70%	70%
2c	Sustainability Initiatives Completed	Meet Expectations	Expectations Met	Meet Expectations
2d	Completion of Preventative Maintenance work and quarterly reporting	Pass	Pass	Pass
2e	Operational improvements and efficiencies implemented	Meet Expectations	Expectations Met	Meet Expectations

Implementation of Enhanced Facility Maintenance

- **Recycling Diversion Rate** - LACC's diversion rate was impacted by the shift to an exclusive franchise system for refuse collection. This is a matter that CTD and AEG-LACC have been investigating with the Bureau of Sanitation. CTD is recommending that we measure both the recycling diversion rate (industry standard) as well as *Zero Waste* diversion.
- **Sustainability Initiative** - Implement a facility wide sustainability project.
- **Completion of Preventative Maintenance work and quarterly reporting** - 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.



Implementation of Enhanced Facility Maintenance

- **Facility maintenance, improvements, efficiencies**
 - Refine the 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.
 - Develop strategic inspection plans and inspect each area of the building on a quarterly and annual basis. Provide results of these inspections to CTD in order to collectively evaluate areas needing future focus.
 - Inform and, where applicable, enforce policies and procedures to ensure contractors, guests and employees support and participate with sustainable efforts.
 - Partner with the Business Improvement District Executive Director and the South Park District to coordinate the cleanliness around the LA Live campus after large events held at the Convention Center.

Category 3

Alternative Uses of Facility

Develop and execute operational and marketing strategies to achieve the revised revenue goal for Fiscal Year 2020-21, which will be discussed in November's Board meeting, and ensure no impact to the City's General Fund. Marketing strategies are to include alternative (temporary) uses of the facility.

Category 3

Historical Subject Areas

Fiscal Year	Category 3 Subject Area
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
2020-21	Alternative Use of Facility

Recommendation


That the Board adopt the proposed Incentive goals for the 2020-21 Fiscal Year.



CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 16, 2020

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

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

Subject: **2020-21 INCENTIVE GOALS – BOARD REPORT #20-006**

SUMMARY

As part of the Management Agreement between the City of Los Angeles (City) and the private operator of the Los Angeles Convention Center (Center), AEG Management LACC, LLC (AEG-LACC), the Board of the Los Angeles Department of Convention and Tourism Development (Board) shall annually set goals for the Discretionary Incentive Fee and a revenue budget goal for the Earned Incentive Fee. The budget revision for Fiscal Year 2020-21 will be presented to the Board in November 2020. **The Department of Convention and Tourism Development (CTD) recommends that the General Fund not be used to fund any incentive fees.**

The following discussion outlines the 2020-21 Fiscal Year metrics mutually agreed upon by CTD and AEG-LACC, in accordance with the Management Agreement for operation of the Convention Center facility, for your consideration and approval. Due to the uncertainty in this fiscal year regarding when event activity and larger gatherings will be permitted at the Center, and the corresponding impact current conditions have on operations and the goals and objectives identified in this document; the ultimate evaluation of all criteria will be made based on the evolution of conditions, the impact conditions have AEG-LACC's ability to achieve the stated goals, and AEG-LACC's ability to adapt and perform based on said conditions, related circumstances and limitations.

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, Alternative Uses of Facility. Last year, Category 3 was Implementation of Food Services, however this category is 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. The following category weights are considered for Fiscal Year 2020-21 goals:

- Category 1. Implementation of enhanced customer satisfaction – 40%
- Category 2. Implementation of enhanced facility maintenance – 40%
- Category 3. Alternative Uses of Facility – 20%

The following summarizes the 2020-21 Discretionary Incentive goals:

Category 1 – Implementation of Enhanced Customer Service

		Goals FY20	Results FY20	Goals FY21
1a	Overall client satisfaction (AEG surveys)	4.7	4.5	4.7
1b	Overall client satisfaction (LATCB surveys)	4.0	3.9	4.0
1c	Overall satisfaction with Facility Security (AEG surveys)	4.6	4.6	4.6
1d	Operational improvements that enhanced customer service	Meet Expectations	Expectations Met	Meet Expectations
1e	Overall satisfaction with food and beverage (AEG surveys)	4.4	4.2	4.4
1f	Overall satisfaction with food and beverage (LATCB surveys)	4.0	4.2	4.0
1g	Food and beverage profit margin	26%	25%	18% to 24%

CTD utilizes annual customer survey results in developing the quantitative goals in Category 1. In addition to the surveys administered by the Los Angeles Tourism & Convention Board (LATCB) to citywide clients, 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. For example, the Los Angeles Auto Show (Auto Show), one of the Convention Center’s largest clients, has exhibitors that independently manage and sponsor a variety of sub-events throughout the duration of

Auto Show. However the client that licenses the space, such as the Auto Show that has the direct contractual relationship with AEG-LACC, is the client that is surveyed.

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. During Fiscal Year 2019-20, the rate of return was 42 percent, which included 113 issued surveys, of which 48 were completed and returned to AEG-LACC.

Category 2 – Implementation of Enhanced Facility Maintenance

The following summarizes the 2020-21 Discretionary Incentive goals:

		Goals FY20	Results FY20	Goals FY21
2a	Recycling diversion rate*	70%	61%	70%
2b	Zero waste diversion rate*	70%	70%	70%
2c	Sustainability Initiatives Completed	Meet Expectations	Expectations Met	Meet Expectations
2d	Completion of Preventative Maintenance work and quarterly reporting	Pass	Pass	Pass
2e	Operational improvements and efficiencies implemented	Meet Expectations	Expectations Met	Meet Expectations

* Due to COVID-19 and the financial situation, the recycling diversion rate may be below the FY 21 goal. In FY 2018-19 AEG-LACC recommended a change in methodology to the recycling diversion rate. Rather than considering the total amount of waste diverted from landfills in the traditional sense, we would also consider a *Zero Waste* approach that strives to reduce the amount of waste generated via various zero waste initiatives and strategies. CTD is recommending that we measure both the recycling diversion rate (industry standard) as well as *Zero Waste* diversion.

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 2019-20 would amount to 59 percent. This decline is heavily driven by the City’s decision to transition to a franchise service provider through the citywide *recycLA Program* in which eleven zones within the City are serviced exclusively by designated waste collection companies. Although the goal of the *recycLA 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 have been investigating with the Bureau of Sanitation.

A second factor in evaluating waste diversion is the zero waste approach. The zero waste approach strives to reduce the amount of waste generated in the first place by implementing strategies and initiatives to reduce the overall waste stream. AEG-LACC has implemented zero waste practices, which include adjusted methods of purchasing

and disposal, and additional sustainable practices. An effective zero waste strategy inherently results in a reduction of waste to be diverted. As such, the zero waste efforts can impact the traditional recycling diversion figures, and as the zero waste efforts are maximized and less waste is created, the amount of waste recycled could decrease.

Note that the zero waste diversion rate factors in performance at reducing waste generation, while the recycling diversion rate focuses on performance at diverting the waste that is generated.

As a result, CTD is recommending that we measure both the recycling diversion rate (industry standard) as well as zero waste diversion rate for Category 2a.

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

- Sustainability initiative: Implement a facility wide sustainability project.
- Completion of Preventative Maintenance work and quarterly reporting
 - Perform comprehensive preventative maintenance and execute all tasks as outlined and scheduled in the Convention Center Preventative Maintenance Plan (PMP). Note, the PMP has been temporarily modified due COVID-19 impacts on the Center.
 - 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
 - Refine the 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.
 - Develop strategic inspection plans and inspect each area of the building on a quarterly and annual basis. Provide results of these inspections to CTD in order to collectively evaluate areas needing future focus.
 - Inform and, where applicable, enforce policies and procedures to ensure contractors, guests and employees support and participate with sustainable efforts.
 - Partner with the Business Improvement District Executive Director and the South Park District to coordinate the cleanliness around the LA Live campus after large events held at the Convention Center.

Category 3 – Alternative Uses of Facility

Develop and execute operational and marketing strategies to achieve the revised revenue goal for Fiscal Year 2020-21, which will be discussed in November’s Board meeting, and ensure no impact to the City's General Fund. Marketing strategies are to include alternative (temporary) uses of the facility.

This goal was developed as the ongoing pandemic and state-wide moratorium on large meetings and events have created a state of emergency for the Convention Center, with a dramatic decline in business and associated revenues. Furthermore, the City of Los Angeles is forecasting an unprecedented shortfall in budgeted revenues for Fiscal Year 2020-21, and as such, it is imperative that the Convention Center do everything possible to prevent reliance on General Fund subsidy.

Please note the following assumptions informing this revenue goal: CTD and related cost budget lines as well as Staples \$1M incremental parking revenue transfer are included in this discussion; the \$5M Cash Flow Fund is considered as General Fund money; and FEMA reimbursement may not be realized for the Convention Center Field Medical Station.

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.

Fiscal Year	Category 3 Subject Area
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
2020-21	Alternative Uses of Facility

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 Fiscal Year 2020-21, 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 CTD Executive Director, who will provide a final recommendation on the Discretionary Incentive Fee payment amount.

RECOMMENDATION

That the Board adopt the proposed Discretionary Incentive goals for the 2020-21 Fiscal Year as described above and with an understanding that the City's General Fund cannot be used to pay for either Earned or Discretionary Incentive Fees.

DL:ta