

12/12/0

File No. 15-1207-S1

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the Anschutz Entertainment Group (AEG) proposal concerning expansion of the Los Angeles Convention Center (LACC) and the JW Marriott Hotel.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the Mayor to execute an Exclusive Negotiating Agreement between the City and AEG providing terms for agreements necessary for the expansion of the LACC.
2. INSTRUCT the Chief Legislative Analyst (CLA), with assistance of the City Administrative Officer (CAO), Los Angeles Convention and Tourism Department (CTD), Bureau of Engineering (BOE), City Attorney and other City departments as necessary to negotiate the final definitive documents necessary to implement an expansion of the LACC for consideration by Council.
3. AUTHORIZE the Mayor to execute a Memorandum of Understanding between the City and L.A. Arena Land Company, LLC providing terms for agreements necessary to provide a revenue participation agreement to close the financing gap in the JW Marriott Expansion Hotel project.
4. INSTRUCT the CLA, with assistance of the City Attorney and other City departments as necessary, to negotiate the final definitive documents necessary to provide a hotel development incentive agreement to support the JW Marriott Expansion Hotel project for consideration by Council.
5. INSTRUCT the CLA, with assistance of the CAO, CTD, Los Angeles Tourism and Convention Board, and other departments as needed, to report on the status of hotel rooms needed to serve the LACC and any policy adjustments related to the incentive to support hotel development within walking distance of the LACC.
6. AUTHORIZE the CAO, CLA, City Attorney and BOE, subject to CAO review, to procure, negotiate, and execute contracts for financial advisory, legal, construction management and review, and other consulting services as necessary up to an aggregate amount of \$5 million paid from the Municipal Improvement Corporation of Los Angeles (MICLA) Commercial Paper Program (LACC).

Fiscal Impact Statement: The CLA reports that there is no General Fund impact in the current year as a result of the above recommendations, as consulting costs will be paid from the MICLA Commercial Paper Program (LACC). An appropriation of \$2 million is included in the 2018-19 Adopted Budget, Capital Finance Administration Fund, LACC Commercial Paper Account, for costs associated with administering this commercial paper program, including interest costs. The future repayment of consulting cost financed through MICLA will require an appropriation from the General Fund or some other funding source. Pursuant to Section 2.3(b) of the Exclusive Negotiating Agreement, the City would be required to reimburse AEG up to \$4 million for actual costs incurred in connection with the preparation of the schematic design in the event that both parties do not enter into a mutually agreed-upon Implementation Agreement. If this obligation were to be triggered, additional funds will need to be identified to pay this reimbursement.

Debt Impact Statement: The CLA reports that the issuance of commercial paper notes will not cause the City's debt service payments to exceed six percent of the General Fund revenues for non-voter approved debt as these are short-term notes. However, upon completion of the project, any outstanding commercial paper notes may be refinanced into long-term debt which would impact the City's debt capacity. The future repayment of the debt issued would be a General Fund obligation.

Community Impact Statement: None submitted.

SUMMARY

At the meeting held on November 13, 2018, your Economic Development Committee considered a CLA report relative to the AEG proposal concerning expansion of the LACC and the JW Marriott Hotel. After an opportunity for public comment was held, the Committee moved to approve the CAO's recommendations, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



MEMBER VOTE

PRICE: YES

BUSCAINO: YES

HUIZAR: ABSENT

ME 11/13/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-