

# SUBSTITUTE – ITEM No. 24

## MOTION

B3

I MOVE that the Council adopt the following actions:

1. INSTRUCT the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA), in consultation with AEG Plenary Conventions Los Angeles (APCLA) and the City Tourism Department (CTD), to evaluate the cost and schedule, including risk exposure and cost sharing of APCLA's Public-Private-Partnership (P3) proposal using revised APCLA numbers from February 2023, as well as any other relevant updated data or information they may have, to be provided by APCLA; and further instruct CAO and CLA to engage a consultant to review the terms discussed by the CLA, CAO, and APCLA and to report on those findings within the ensuing 45 days.

The evaluation of the P3 proposal should be undertaken transparently and on a collaborative basis among the CAO, CLA, and APCLA, in consultation with the CTD, Planning Department, Bureau of Engineering, and Department of Building & Safety.

The report should answer the following five questions in relation to the LACC Expansion Project P3 as proposed by APCLA:

- a) What is the estimated construction price and scope of the LACC Expansion Project?
  - b) What is the estimated net annual obligation on the General Fund after taking LACC net revenues into account? Provide a range of options for Council to consider including various operating terms of the P3 Agreement and associated payment rates.
  - c) Can the project be delivered in time for the LA 2028 Olympics/Paralympics? Provide a development schedule including the City decisions and actions required to achieve this.
  - d) When would the first annual availability payment be required to be paid by the City under the proposed financial structure? What flexibility would the City have to refinance the project or adjust the scope and cost of operating services over the term of the P3 Agreement?
  - e) Provide a high level summary of the risks transferred to APCLA and retained by the City under the P3 proposal and compare these to the risks that City would retain under a traditional delivery model.
2. INSTRUCT the CAO and CLA to ensure that any P3 proposal agreement include the following:
    - a) delivery of the City's full required construction and operating scope without reduction;

- b) commitment to expand the JW Marriott Hotel;
  - c) affordability within City-defined general fund impact limits and competitive pricing compared to other non-P3 options;
  - d) the transfer of significant construction and operating risks to APCLA along with clear long-term quality commitments to the City, in line with P3 market norms;
  - e) appropriate development cost sharing that ensures none of APCLA's development costs are underwritten by the City, with the exception of only detailed design fees and site investigation costs; and
  - f) the incorporation of strategies to ensure the various construction, operations, and financing elements of the project will be market-tested or competitively priced to improve the overall cost to the City.
3. INSTRUCT the CAO to identify funds within the Los Angeles Convention Center's MICLA Commercial Paper Program required to complete the requested analysis of the P3 project, and include the appropriate transaction recommendations as part of a subsequent Financial Status Report or Construction Project Report.
4. INSTRUCT the CAO, with the assistance of the CLA, to report to Council within 45 days on potential funding sources and funding structures for debt service and P3 availability payments, in addition to impacts on existing programs and services.
5. INSTRUCT the CAO and CLA to provide direct and indirect economic impact analysis for all the P3 options and City driven options that takes into consideration economic impact to the Downtown LA area and the City of Los Angeles at large.

PRESENTED BY:



PAUL KREKORIAN  
Councilmember, 2<sup>nd</sup> District



TRACI PARK  
Councilmember, 11<sup>th</sup> District

SECONDED BY:



ORIGINAL

February 28, 2024

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