

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the Los Angeles Convention Center (LACC) Expansion Project.

Recommendation for Council action:

AUTHORIZE the Chief Legislative Analyst (CLA), with the assistance of the City Attorney, to negotiate and execute an extension to the Exclusive Negotiating Agreement with AEG Plenary Convention Los Angeles, LLC for the expansion of the LACC for a period of one year, from January 10, 2021 to January 9, 2022, with two optional mutual extensions of 180 days each.

Fiscal Impact Statement: None submitted by the CLA. The City Administrative Officer has not completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

At the meeting held on November 10, 2020, your Economic Development Committee considered a CLA report dated October 29, 2020 relative to the LACC Expansion Project. The CLA reports that in December 2018, the Council authorized the CLA to negotiate with Anschutz Entertainment Group (AEG), and subsequently the AEG Plenary Convention Los Angeles, LLC (APCLA), to provide terms for agreements necessary to expand the LACC (Project), as well as a complementary private proposal by AEG to expand the existing JW Marriott Hotel at LA Live, under the terms of an Exclusive Negotiating Agreement (ENA).

The CLA goes on to report that on February 26, 2020, the CLA released a report (February 2020 Update) detailing the City's negotiations to expand and modernize the LACC and to provide operations and maintenance services on the LACC campus. The February 2020 Update outlined expansion options for Council's consideration that would have provided up to 190,000 square feet of additional contiguous exhibit hall space; up to 55,000 square feet of additional meeting room space; and up to 95,000 square feet of multi-purpose space. The February 2020 Update recommended the negotiation of an Early Works Agreement that would accelerate the Project schedule by eight months and save an estimated \$70 million in costs over the life of the Project. This report is pending before the Economic Development Committee.

The CLA further states that the onset of the Coronavirus Pandemic in March 2020 drew an immediate halt to operations at the LACC, and altered the direction of negotiations regarding the LACC Expansion Project. The Early Works Agreement as proposed is no longer a practical option for the parties to pursue and there may be other impacts to the financial structure of the deal that need to be evaluated. The City and APCLA will continue to negotiate in an effort to provide Council with a viable scope and schedule for the Project at a future date, however, negotiations are dependent upon a resolution to the Coronavirus Pandemic and better information concerning the economics of the convention business.

In conclusion, the CLA states that the ENA between the City and AEG, and subsequently APCLA, was extended on July 7, 2020 by mutual agreement of the Parties under the terms of the ENA for an additional 180 days, ending on January 9, 2021. This was the final extension

option available under the ENA. If the Council wishes to continue negotiations with APCLA beyond January 2021, the CLA recommends that the Council authorize the execution of an ENA Extension. After an opportunity for public comment was held, the Committee moved to approve the CLA's recommendations, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
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| PRICE: | YES |
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| BUSCAINO: | YES |
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| RODRIGUEZ: | YES |
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ME 11/10/20

-NOT OFFICIAL UNTIL COUNCIL ACTS-