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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 10 - 0071

REPORT RE:

MAR 16 2010

**A DRAFT ORDINANCE AMENDING SECTION 8.149.2 OF THE LOS ANGELES
ADMINISTRATIVE CODE TO ESTABLISH FLEXIBLE DEMAND BASED SPACE
RENTAL PRICING**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 09-0136

Honorable Members:

Pursuant to your request, transmitted herewith, approved as to form and legality, is a draft ordinance amending Section 8.149.2 of the Los Angeles Administrative Code to establish flexible demand based space rental pricing (FDBSRP), permitting the adjustment of the standard daily rate to be charged licensees for trade shows at the Los Angeles Convention and Exhibition Center. Upon the occurrence of certain specified conditions, FDBSRP may allow for an adjusted rate up to 50% above or below the standard daily rate of \$.32 per net square foot of space used or occupied in the various exhibit halls.

If you have any questions, please contact Assistant City Attorney Terry Martin-Brown at (213) 978-8134. Either she or another member of this Office will be available when you consider this matter in order to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:TMB:mde
Transmittal

ORDINANCE NO. _____

An ordinance amending Section 8.149.2 of the Los Angeles Administrative Code to allow for flexible demand based space rental pricing permitting the adjustment of the standard exhibit hall rental rate.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Section 8.149.2 of the Los Angeles Administrative Code is amended to replace the first unnumbered paragraph thereof with the following:

The applicable standard daily rate to be charged licensees for trade shows at the Los Angeles Convention and Exhibition Center (Center) per net square foot of space used or occupied in the various halls shall be \$.32. Under the circumstances, and considering the criteria, set forth below, the applicable daily rate may be an adjusted amount up to 50% above or below the standard daily rate (Flexible Demand Based Space Rental Pricing). The adjustment of the standard daily rate shall only be permitted upon the occurrence of one or more of the following conditions:

- (1) the cancellation of a previously licensed event or a reduction in the space or period of time previously licensed for an event;
- (2) Center vacancy in excess of the historical occupancy average;
- (3) projected ancillary revenue (parking, food and beverage, equipment rentals, etc.) anticipated to be generated by an event which is calculated to offset or exceed the amount of the rate reduction; or
- (4) unusually high or competing demands for Center space.

Any Flexible Demand Based Space Rental Pricing rate adjustment shall be subject to a review and approval process initiated by a Center Sales and Marketing representative and shall require the final written approval of the General Manager of the Los Angeles Convention Center Department.

Licensee's failure to meet or exceed the projected ancillary revenue required to qualify for the Flexible Demand Based Space Rental Pricing shall result in the licensee's liability for payment of either the standard daily rate or the revenue shortfall (the difference between the actual ancillary revenue and the projected ancillary revenue), whichever constitutes the lesser amount. Any amounts owing shall be due and payable at the end of the accounting period following the conclusion of the license term.

The Los Angeles Convention and Exhibition Center Department General Manager shall submit quarterly reports to the Mayor, the Controller and the City

Administrative Officer regarding events that have been licensed at an adjusted rate under Flexible Demand Based Space Rental Pricing and detailing the results thereof.

The provisions of this section pertaining to Flexible Demand Based Space Rental Pricing shall be deemed repealed three years from the effective date of this ordinance, unless the City Council adopts an ordinance to extend these provisions.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By *Terry Martin-Brown*
TERRY MARTIN-BROWN
Assistant City Attorney

Date *March 11, 2010*

File No. _____