

# *The Los Angeles* **Convention Center** **Expansion Project**



**Joint Report by**  
**The City Administrative Officer &**  
**The Chief Legislative Analyst**  
June 2024



## OVERVIEW

1. Background
2. Recommended Approach
3. Cost & Fiscal Impact
4. Next Steps

# Background

# Background | **Scope of Expansion & Modernization**

**+190,000**  
sq. ft.

**Contiguous  
Exhibit Hall Space**

**+55,000**  
sq. ft.

**Meeting Room  
Space**

**+95,000**  
sq. ft.

**Multi-purpose  
Space**

Redesigned **Gil Lindsay Plaza**

Modernization of **South & West Halls**

**Added Signage** to the LACC Campus



# Background | **Economic Value**

## **New Jobs**



**7,445**

Total New Jobs  
During Expansion

**2,147**

Annual New Jobs  
After Expansion

## **More Visitors**



**+500,000**

LACC Attendee  
Days across 10 Yrs.

**+\$165M**

Visitor Spending  
Each Year

**Additional  
General Fund Tax  
Revenue**

**\$570M**

Over 30 yrs

Source: Ernst and Young Economic Impact Analysis, November 28, 2023  
Graphics created using Noun Project by Adrien Croquet and SANDIA



## City Project (Taxable non-P3)

City-issued debt for design & construction

Private operations & maintenance agreement

City-managed construction

**\$4.8B**

Total Cost

**\$159M**

Avg. Annual Cost

## Public-Private Partnership (Taxable P3)

30-year agreement

Design-Build-Finance-Operate-Maintain (DBFOM) contract

Privately-managed construction

**\$6.5B**

Total Cost

**\$215M**

Avg. Annual Cost

## City Project (Taxable non-P3)

**City-issued debt for design & construction**

**Private operations & maintenance agreement**

**City-managed construction**

<b>\$4.8B</b> Total Cost	<b>\$159M</b> Avg. Annual Cost
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- **City bears all risks**
- **Low to no chance of completing the project by the Olympics**

## Public-Private Partnership (Taxable P3)

**30-year agreement**

**Design-Build-Finance-Operate-Maintain (DBFOM) contract**

**Privately-managed construction**

<b>\$6.5B</b> Total Cost	<b>\$215M</b> Avg. Annual Cost
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- **Financially infeasible**
- **Lacks flexibility to adjust based on the City's financial conditions**

# **Recommended Approach**

# Recommended Approach | **Design-Build**

## **Only Construction**

**Limited contract with APCLA; payment contingent upon completion before the 2028 Olympics**

## **City Financing**

**Tax-exempt debt** (i.e. City-issued bonds)

## **Operation & Maintenance**

**Discussions deferred to a later date** (no guarantee of a contract)

## **Development Fee**

To be negotiated; Project Agreement to be finalized after Early Works completed

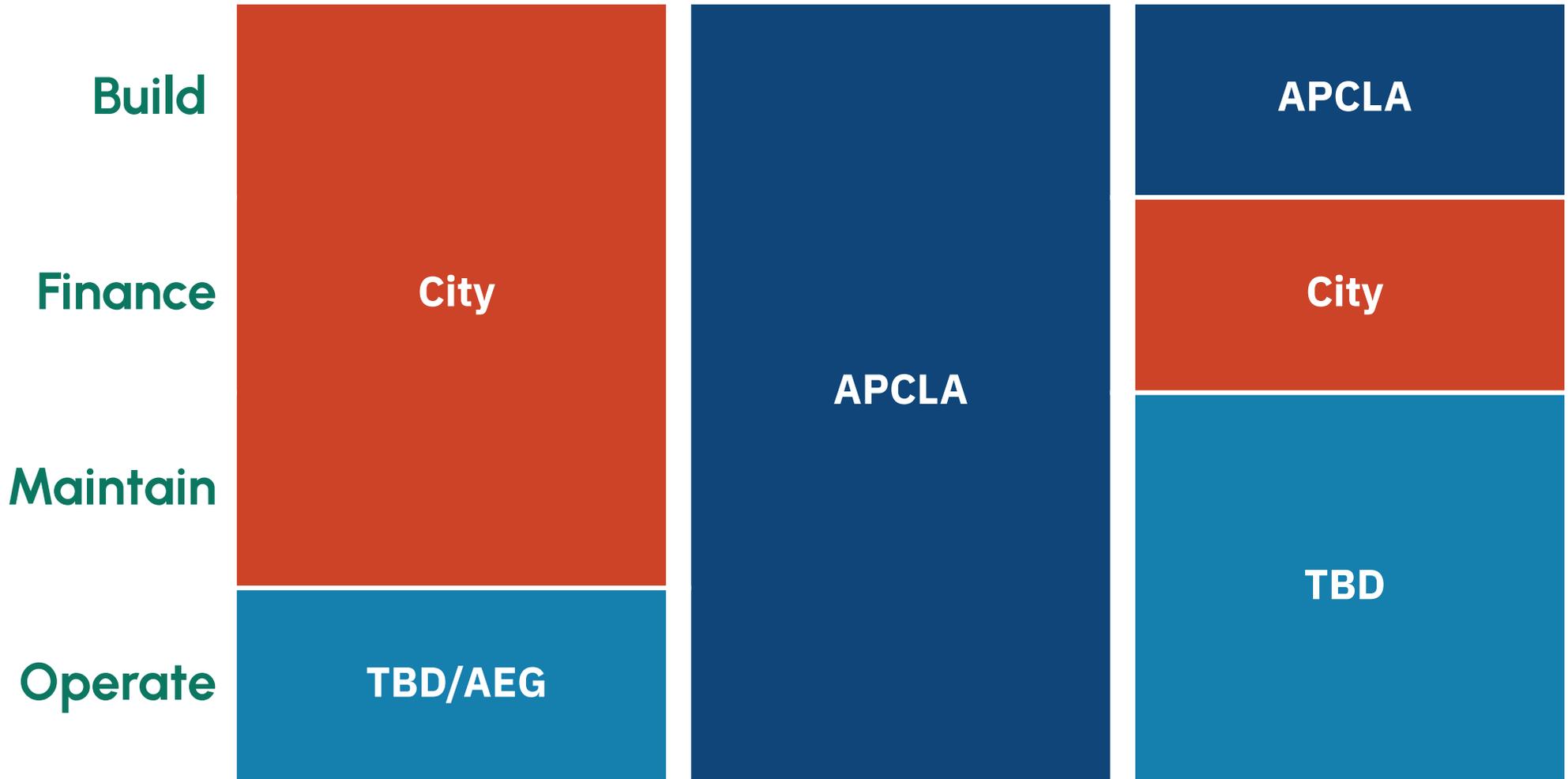


# Recommended Approach | **Design-Build**

## **City Project** (Taxable non-P3)

## **Public-Private Partnership** (Taxable P3)

## **Design-Build** (Tax-Exempt P3)



# Recommended Approach | **Timeline**

**June 2024**

**Council authorizes Term Sheet & Early Works Agreement (EWA)**

**EWA  
in Effect**

**Project Agreement in Effect**  
February 2024-early 2028

**Negotiating  
Project  
Agreement**

Jan  
2025

Jan  
2026

Jan  
2027

Jan  
2028

**December 2024**

**Council authorizes  
Project Agreement**

**By March 27, 2028  
APCLA completes  
construction**



**Refine designs**

**Site investigation**

**Final pricing**

**Determination of timeline feasibility**



# **Cost & Fiscal Impact**

# Cost & Fiscal Impact | **Financing**

<b>P3</b> <sup>1</sup>	<b>City Project</b> <sup>2</sup>	<b>Design-Build</b> <sup>2</sup>
City-issued <b>taxable</b> debt, private debt + equity	City-issued <b>taxable</b> debt	City-issued <b>tax-exempt</b> debt <sup>3</sup>
All-in Interest rate / WACC <b>7.4%</b>	All-in Interest rate <b>6.3%</b>	All-in Interest rate <b>4.4%</b>

**VS**

[1] WACC is the "Weighted Average Cost of Capital". P3 rates and P3 debt/equity structures are indicative estimates based on assumed benchmark rates on May 3, 2024 and subject to change.

[2] Assumes issuance of MICLA debt at interest rates as of May 3, 2024 plus a spread of 50 basis points. Actual interest rates may differ at the time of issuance.

[3] Some taxable debt may be issued as necessary to meet the Internal Revenue Service's "private business" test regulations.



# Cost & Fiscal Impact | **Fiscal Impact**

	<b>Total</b>	<b>Average Annual</b>
<b>Total Project Cost</b>	<b>(\$4.7B)</b>	<b>(\$158M)</b>
<i>Construction Cost</i>	(\$2.9B)	(\$96M)
<i>O&amp;M Cost</i>	(\$1.8B)	(\$62M)
<b>New Revenues</b> <sup>1</sup> <i>over 30 years, as a result of the expansion</i>	<b>\$3.5B</b>	<b>\$115M</b>
<b>Net General Fund Impact</b>	<b>(\$1.2B)</b>	<b>(\$43M)</b>

Note: Totals may not sum due to rounding.

[1] Comprised of projected "LACC Net Operating Revenues" (\$96M) as a result of signage, parking, and events income to be realized and "Incremental General Fund Tax Contributions" (\$19M).



**Next Steps**

# Next Steps | **Key Report Recommendations**

Approve the 2024 **Proposed Term Sheet**

Negotiate & enter into an **Early Works Agreement** for **up to \$36.9M**

Authorize **up to \$2M** for **BOE staff costs**

Authorize **up to \$5.98M** in **reimbursement of APCLA work** completed under the ENA

Authorize departments to procure, negotiate, and execute contracts/amendments for **necessary advisory and consulting services** for **up to \$9.5M**





**City of Los Angeles**

June 2024