

BUDGET AND FINANCE COMMITTEE REPORT relative to the Los Angeles Convention Center (LACC) Expansion and Modernization Project.

Recommendations for Council action:

INSTRUCT the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA), with the support of other City Departments to:

- a. Close out all activities associated with the current Convention Center Expansion (LACC Expansion) project plan.
- b. Use the city's investment in the Early Works Agreement to evaluate and report back within 30 days with deferred maintenance on the existing footprint Convention Center, upgrades necessary and appropriate to bring the Convention Center into the 21st Century, including technology and accessibility, with options that can be completed prior to March 2028, and a competitive bidding process to select project delivery partners (the "Convention Center Modernization Project"). This Convention Center Modernization Project scope of work should include: major activities, such as installation of Figueroa-facing Digital Signage and installation of Freeway-facing Digital Signage to the degree allowed by law; renovation of Gilbert Lindsay Plaza; implementation of electrical system improvements to ensure adequate electrical service to an expanded LACC and enhanced signage program; focused improvements such as ADA improvements in the West Hall and South Hall; cosmetic upgrades to enhance the visitor experience; elevator and escalator improvements; replacement of West Hall airwalls; repair/replacement of existing Fire Pump systems; upgrades to the South Hall Smoke Control System; replacement of existing facility BIMS controls; and other facility upgrades.
- c. Identify and report back within 30 days on any infrastructure improvements needed to support the Convention Center Modernization Project, including utility upgrades to support the project, and a plan to initiate and complete those improvements at the earliest possible date, with all work to be completed no later than March 2028.
- d. Identify and report back within 30 days on any additional actions necessary to reduce risks and deliver the LACC Modernization Project ahead of the 2028 Olympic and Paralympic Games.
- e. Instruct the CAO, with support of the CLA, Bureau of Engineering (BOE), and the City Tourism Department, to report within 30 days with an expenditure plan to fund the Convention Center Modernization Project.
- f. Evaluate and report back within 120 days on options to initiate a new Request for Proposal (RFP) for an Expansion project that would expand the footprint of the existing Los Angeles Convention Center upon conclusion of the 2028 Games, and consider and report back on other options for the Convention Center site that would maximize the site's positive economic impacts on the Downtown Los Angeles and greater regional economy; It should include an evaluation of potential closure of Pico Boulevard instead of a bridge; housing and/or hotels on the Convention Center site.

Fiscal Impact Statement: The CAO reports, based on their original recommendations, the full City

costs and the General Fund impact will depend on a number of factors including final Project costs, final bond issuance amount and costs including interest costs, and actual Operating Revenues and tax contributions achieved as a result of the Project. As presented in this Report, the total costs of the Project is estimated to be \$2,489 million. Based on this cost, the average annual net General Fund impact over the 30 year operating period is estimated to be \$61 million, in nominal dollars. This net General Fund impact represents the gap between the Operating Revenues and tax contributions achieved against the operating expenditures and debt service payments required on an annual basis. The net General Fund impact will be greater if the Operating Revenues and tax contributions do not materialize as planned. On an annual basis, the actual amount that the General Fund will need to support the operating expenditures and debt service payments on the Project will be greater than \$61 million. From fiscal years 2030-31 to 2036-37, the City would need to budget over \$100 million annually from revenues not directly or indirectly derived from the LACC operations. The impact on the General Fund slowly decreases over time and only flips to a positive impact in fiscal year 2055-56 when the final lease payment is made. There is no additional General Fund impact in 2025-26 and 2026-27 as sufficient funding for lease payments (debt service) due in these years will be paid from bond proceeds within the Capitalized Interest Fund. Lease payments beginning on April 15, 2029 (2028-29) through April 15, 2055 (2054-55) will require future annual General Fund budget appropriations in the Capital Finance Administration Fund (Fund No. 100/53).

Financial Policies Statement: The CAO reports, based on their original recommendations, that the recommendations in this Report comply with the City's Financial Policies in as much as they recognize that initiating multi-year projects or adding new items to the budget with future year expenditure requirements, necessitates the City to consider its ability to continue to pay these future year expenses. The issuance of the Bonds will not cause the City's debt obligation payments to exceed six percent of General Revenues for non-voter approved debt as established in the City's Financial Policies. After the issuances of the Bonds, the projected non-voter approved debt ratio is the highest in 2030-31 at 3.98 percent.

Debt Impact Statement: The CAO reports, based on their original recommendations, that this Report is being considered concurrent to an accompanying report that would authorize the issuance and sale of Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds to finance this Project. The Project, if approved, will cause the City, through MICLA, to borrow an estimated total of \$2.69 billion in lease revenue bonds. Over the 31 year amortization period, total estimated debt service is \$5.39 billion of which \$409.43 million will be paid from capitalized interest (bond proceeds) and the remaining \$4.98 billion (net debt service) will be payable from lease payments to be made by the City to MICLA, which is an obligation of the General Fund. The estimated average annual debt service is \$179.7 million. Final bond maturity is expected to be in 2055-56. The lease payments will require future budget appropriations in the Capital Finance Administration Fund (Fund 100, Department 53). Actual interest rates may differ as rates are dependent on market conditions at the time of issuance.

Community Impact Statement: None submitted

SUMMARY

At a Special meeting held on September 9, 2025, the Budget and Finance Committee considered CLA and CAO reports, and CAO addendum relative to the final direction on the Los Angeles Convention Center Expansion and Modernization Project and finding that the project was assessed in the previously certified Convention and Event Center Project Environmental Impact Report (EIR), and that pursuant to California Environmental Quality Act (CEQA) Guidelines, Sections 15162 and 15164 and the First Addendum and Joint Analysis, dated December 2021, and Second Addendum, dated August 2025, that no major revisions to the EIR are required and no subsequent EIR is required for approval of the project; and related matters.

After public comment was heard, and presentations were made, the item was continued to the September 16, 2025 regular meeting of the Budget and Finance Committee. Representatives from the Offices of the CAO, CLA, BOE, DWP, APCLA were present and provided additional details regarding the project, and responded to questions posed by the Committee members.

After an opportunity for public comment was held, the Committee Chair introduced substitute recommendations, and a majority of the Committee approved the recommendations in the substitute Motion. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,
BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	NO
McOSKER:	NO
HERNANDEZ:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-