

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to options for beginning construction on the Los Angeles Convention Center (LACC) Expansion and Modernization Project (Project) in 2025; and related matters.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. NOTE and FILE the Department of Convention and Tourism Development (CTD) report dated August 14, 2024, attached to Council file No. 15-1207-S1, relative to resources needed to implement the Early Works Agreement (EWA) for the LACC Expansion and Modernization Project.
2. NOTE and FILE the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) Joint report dated January 31, 2025, attached to said Council file, report relative to the Status of the LACC Expansion.
3. CONDITION the presentation of the project agreement upon State law and the California Department of Transportation (Caltrans) approving the freeway facing signage.
4. INSTRUCT the Los Angeles Fire Department, Bureau of Engineering (BOE), Bureau of Contract Administration and request Los Angeles Department of Water and Power to report in 30 days with a vetting of the phased delivery option.
5. INSTRUCT the CAO, with assistance of CLA, BOE, the CTD, and other departments as necessary, to re-engage in negotiations with AEG Plenary Conventions Los Angeles, LLC (APCLA) under the framework of the Phased Delivery Option in which construction of the LACC Expansion and Modernization Project would commence in 2025 with certain scope deliverables and milestones achieved before the 2028 Games and the balance of the scope completed after the 2028 games; the CAO shall bring in an Owner's Representative to assist the City in these negotiations, with regular reports to the Council President and Chair of the Economic Development and Jobs Committee, and to assist in the development of a finalized Project Agreement (PA) that will include a value engineered project that examines the estimated construction costs, a path to secure sign revenue and air rights, potential additional operating revenues, an itemized list of technical requirements that could be modified to reduce project costs, and reduced operating costs.
6. INSTRUCT the CAO and CLA, BOE, with assistance of other departments as appropriate, to negotiate and execute an amendment to the EWA with APCLA (C-146596) to increase the capped amount by \$19,986,296 from the existing not to exceed amount of \$36,863,722 to a cumulative not to exceed amount of \$56,850,018 for additional pre-development work necessary for the expansion and modernization of the LACC, including signage feasibility and design, kitchen scope, additional site investigatory work, and other pre-development work, paid from the Municipal Improvement Corporation of Los Angeles (MICLA) Commercial Paper Program (Los Angeles Convention Center); subject to the City Attorney's approval as to form.
7. AUTHORIZE the CAO and CLA, City Attorney, BOE, and the Department of City Planning, subject to CAO review and approval, to procure, negotiate, and execute contracts and contract amendments for financial advisory, legal, construction management, and other consulting services as necessary for up to \$7.75 million, paid from the MICLA Commercial Paper Program (Los Angeles Convention Center).
8. AUTHORIZE by resolution, subject to allocation by the Board of Civil Service Commissioners and pay grade determination by the CAO, Employee Relations Division, the following positions, to be employed in the BOE, as technical and support staff for the LACC Expansion and Modernization Project, for the period of April 1, 2025 through June 30, 2025, to be funded from the MICLA

Commercial Paper Program (LACC):

No.	Class Code	Class Title
1	9478-0	Principal Civil Engineer
1	7957-B	Structural Engineer Associate/ PM I

9. AUTHORIZE the CAO to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO and CLA report that the costs resulting from the recommendations proposed in the report will need to be addressed in 2025-26. There is no General Fund impact in 2024-25. Costs associated with amendment of the EWA and amendment and extension of the City's consultant agreements will be paid from the MICLA Commercial Paper Program (LACC). The General Fund impact in 2025-26 is anticipated to be included within the Capital Finance Administration Fund, LACC Commercial Paper Account, for costs associated with administering this commercial paper program, including interest costs. The future repayment of these costs will be financed through MICLA and will require annual appropriations from the General Fund or some other funding source to repay the debt service. The first year of General Fund impact as a result of debt service is anticipated to be in 2028-29.

Should the Council advance a pre-2028 Games Project, a total of \$27.75 million is necessary to continue preconstruction activities, including a \$20 million increase to the EWA with APCLA and \$7.75 million in additional City consultant costs.

Should the Council authorize a Project, full City costs and the General Fund impact will depend on delivery option selected and the timing and sizing of the debt issued to finance the Project. A subsequent report on the debt issuance for the Project will be prepared and released at a later date concurrent with the submission of a final PA to Council and the Mayor. Based on current assumptions, the indicative average annual General Fund Impact for the Project is \$45 million.

Financial Policies Statement: The CAO and CLA report that that recommendations in the report are consistent with the City's Financial Policies as they will not result in appropriation changes during the current fiscal year. Furthermore, since the recommendations support initiating a multi-year project, consideration has been given to adding new items to the budget with future year expenditure requirements, within the context of the City's ability to continue to pay these future year expenses.

Debt Impact Statement: The CAO and CLA report that the issuance of MICLA debt is a General Fund obligation. The issuance of MICLA for the EWA related to the Project would cause the City to borrow an additional amount of up to \$22.75 million at an approximate 4.23 percent interest rate over 30 years. The total estimated debt service related to the recommendations in this report is \$49.5 million including interest of approximately \$21.7 million. During the life of the bonds, the estimated annual debt service is \$1.6 million for 30 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future. In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is six percent. Issuing debt for this project will impact this debt ratio. The 2024-25 Adopted Budget non voter-approved debt ratio is 2.63 percent. The issuance of debt for these purposes will likely not cause the City to exceed the six percent non-voter approved debt limit.

Per the proposal, the total Project construction cost is contemplated to be up to \$2.24 billion. However, the final sizing of the debt issuance to cover this cost will depend on the delivery option selected and the construction schedule for the Project. A subsequent report on the debt issuance for the Project will be prepared and released at a later date, and concurrent with the submission of a final PA.

Community Impact Statement: Yes

Against, unless amended:
Downtown Los Angeles Neighborhood Council

SUMMARY

At the meeting held on April 8, 2025, your Economic Development and Jobs Committee considered a Joint City Administrative Officer and Chief Legislative Analyst report relative to options for beginning construction on the Los Angeles Convention Center Expansion and Modernization Project in 2025; and related matters.

After an opportunity for public comment was held, the Committee approved the recommendations, as amended, as stated above.

This matter is now submitted to the Council for consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
SOTO-MARTINEZ:	YES
JURADO:	YES
NAZARIAN:	YES
PARK:	YES

JL 4.8.2025 15-1207-S1

-NOT OFFICIAL UNTIL COUNCIL ACTS-