The Los Angeles
Convention Center
Expansion Project

September 2025

CONTEXT

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January 2025

CAO/CLA expressed concern since the Project Agreement had fallen behind schedule due to the **complexity of the Project** and the City's attention to the **wildfire response and recovery** efforts.

February 2025

Council instructed the CAO and CLA to evaluate and present options on **how best to proceed** with the Project under the current partnership with APCLA, and expressed a desire to hear more **options outside of this arrangement** and **options beyond the 2028 Games.**

April 2025

Council instructed staff to negotiate with APCLA to **extend the Early Works Agreement (EWA)** and pursue a **Phased Delivery** that pauses construction for the 2028 Games.

June 2025

CAO report provided an **update** on:

- Value Engineering
- Increase Revenues
- Reduced Operational Costs

Today

Seeking direction on whether to **pursue the LACC Expansion <u>OR</u> terminate the project**

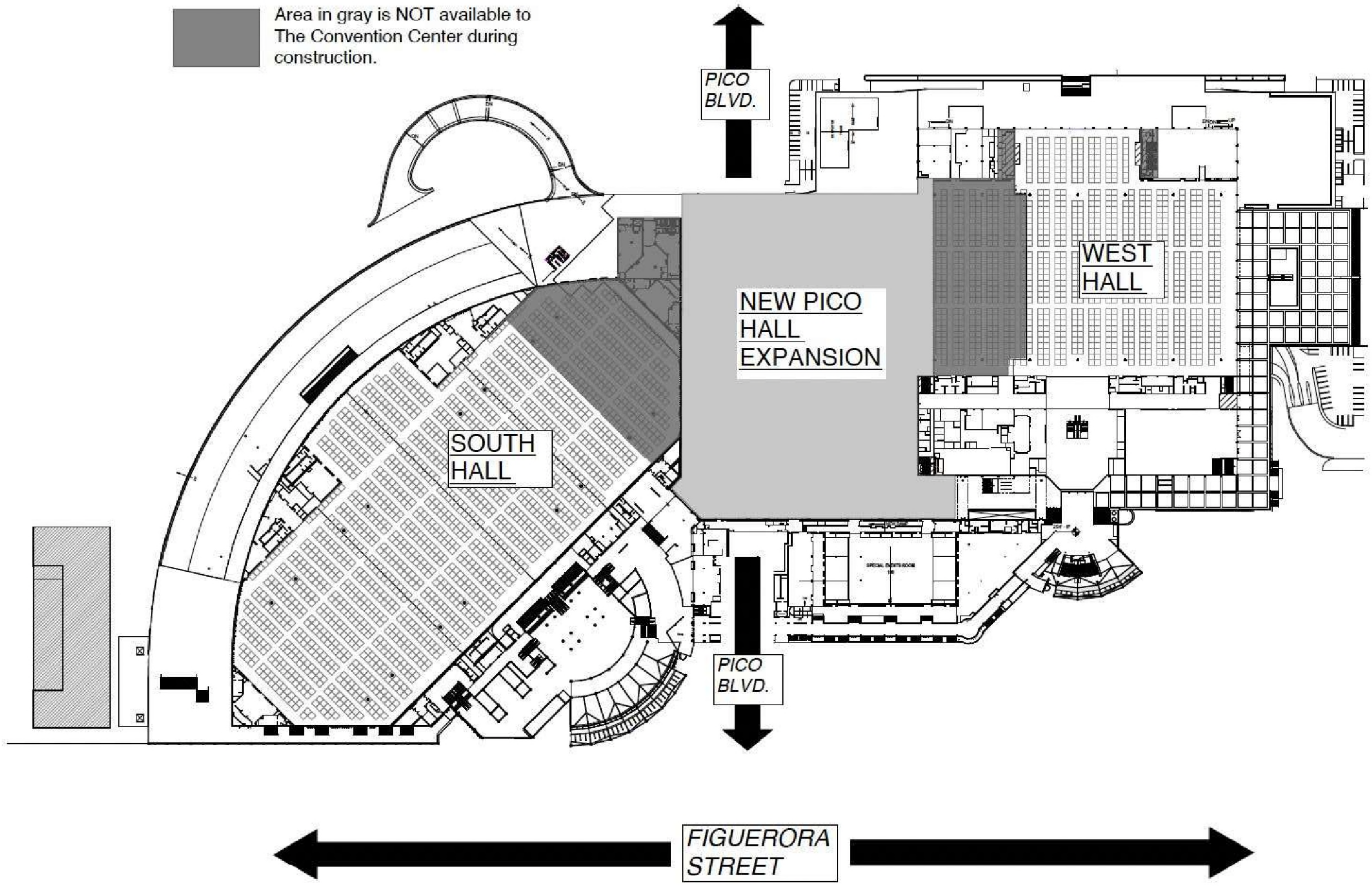
BACKGROUND

Scope of Expansion & Modernization

Contiguous Exhibit Hall Space	**+190,000** sq. ft.
Meeting Room Space	**+39,000** sq. ft.
Multi-purpose Space	**+95,000** sq. ft.

Modernization of South & West Halls

Added Signage to the LACC Campus


Area in gray is NOT available to The Convention Center during construction.
PICO BLVD.
WEST HALL
NEW PICO HALL EXPANSION
SOUTH HALL
PICO BLVD.
FIGUERORA STREET

Economic Value

New Jobs

13,300
Total New Jobs During Expansion

2,153
Annual New Jobs After Expansion

More Visitors

+500,000
LACC Attendee Days across 10 Yrs.

+$150M
Visitor Spending Each Year

Additional General Fund Tax Revenue

$652M
Over 30 years

OPTIONS

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1 Proceed with the phased delivery with APCLA

- Approve total Project Costs of up to **$2.72 billion**
- Accept the Committed Proposals from APCLA as revised by the submission on August 28, 2025
- General Fund debt service payments begin in 2028-29

2 Terminate the project

- Terminate the EWA with APCLA and all other advisory contracts

PROJECT COST

As proposed on August 28, 2025

Total Cost

Price estimate as of August 28, 2025

$2.72 Billion

Pre-construction Costs

$82M

Initial Early Works Agreement: $54M
Costs for EWA Extension: $28M

↓ **$3M**
since March 2025 report

Construction Costs

Price estimate as of August 28, 2025

$2.04 B

↑$341M since March 2025 report

Key Changes compared to previous $1.7B estimate:

$205M in Owner Allowances *(primarily as a result of higher than anticipated DWP and Kitchen Costs)*

$(106)M in Value Engineering savings *(primarily due to the removal of Gil Lindsay Plaza, $53M)*

$105M in Subcontractor Cost Increases *(representing scope clarifications with several trades, unforeseen scope impacts, and other pricing changes)*

City-retained Costs

$565M

Key Changes compared to previous $421M estimate:

$131M in Contingencies, Claims, Scope Change, Utilities and Transferred Scope from VE Exercise to address tariff impacts, schedule acceleration, and other project risks

$12M in Project and Construction Management and Legal Fees

↑ **$145M** since March 2025 report

Cost Financing

Project Cost

$2.72B

Cost Financing

Project Cost

$2.72B

+

Capitalized Interest

$449M

Cost Financing

Project Cost
$2.72B

+

Capitalized Interest
$449M

+

Issuance Cost
$9M

Cost Financing

Project Cost **$2.72B** + Capitalized Interest **$449M** + Issuance Cost **$9M**

Total Amount to be Financed

$3.2 Billion

Debt Service Assumptions

Assumed Interest Rate*

4.84%

Average Annual Net Debt Service

$182 M

Starting payments in
FY 2028-29 through
FY 2055-56

** 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.*

Operating Costs

Average <u>Annual</u> Operating Cost*

INCURRED BY THE PRIVATE OPERATOR TO OPERATE THE LACC AND CTD STAFF

$60 Million

* In nominal dollars

REVENUE PROJECTIONS

Direct Revenue

	Average Annual Revenue *in nominal dollars*
Events	$52M
Parking	$24M
Signage - Downside Case	$27M
Other *Includes revenues from cell towers, and advertising and sponsorships*	$6M
Average Annual Revenue	**$110M***

* totals may not sum due to rounding

Indirect Revenues

Total Additional Tax Collected *As a result of the Expansion*	$652M
Avg. Annual Additional Tax Collected	$22M

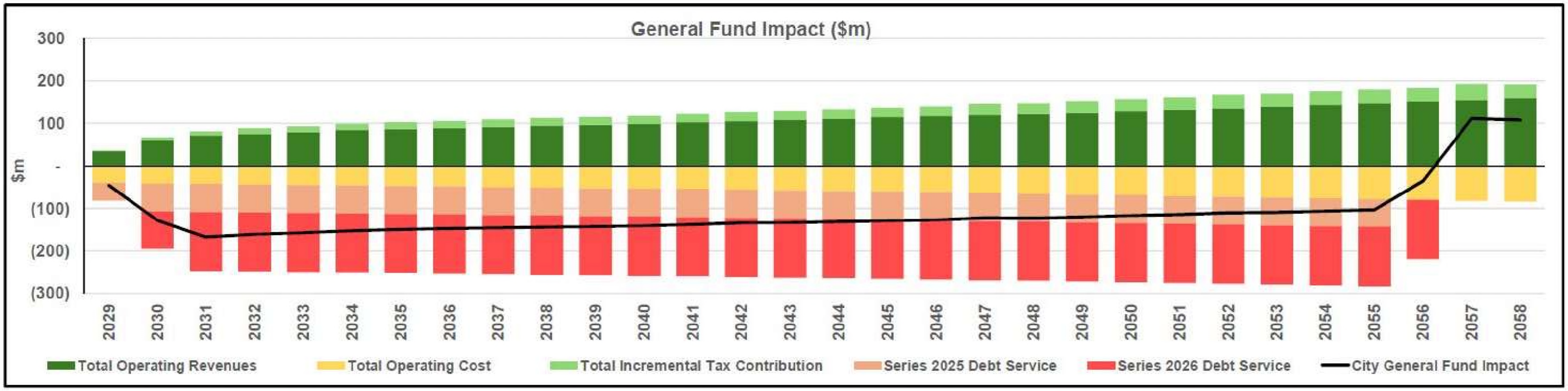
*Average Annual General Fund Impact**

$131 – $242M = ($111M)

Revenue	Costs	Net GF Impact
Direct: $110M	*Debt Service: $182M*	
Indirect: $22M	*Operating Costs: $60M*	

** totals may not sum due to rounding*

Estimated Net General Fund Impact by Fiscal Year



RISKS

Risks and Challenges

- Unknown Site Conditions
- Approvals for Olympics Readiness
- Schedule
- DWP Workstream
- Signage Revenues

DWP Workstream Risks

KEY P.A. DATES	REQUIRED POWER DATES	FEASIBILITY
Olympic Readiness **March 2028**	Interim Power (0.5 MW) **January 2027**	✓
Substantial Completion **February 2029**	Testing Power (3 MW) **September 2027**	?
Final Completion **May 2029**	Final Power (15 MW) **January 2029**	?

On Sept. 7, **APCLA** stated that their building of the underground conduit system is **not viable** under the current conditions.

DWP recently advised that they *can* meet the timeline for the Olympics **but have not confirmed that they can meet the timeline** for Substantial or Final Completion.

Signage Revenue Risks

Current assumptions only allow for **by right** signage

reducing average annual revenue by **$34 million** ($1 Billion over 30 years)

Signage Revenue Risks | *State Legislative Update*

AB 770

- *Introduced in February 2025*
- *The goal was to not require that the LACC digital signs receive Caltrans certification that the signs are compliant with California's Federal State Agreement of 1968 and other Federal laws*
- *Signage would be remedied if federal action was taken against the state*

The latest AB 770 Amendment (Sept 4, 2025) removed the City's preferred language and maintained that:

(1) Before the advertising display authorized pursuant to subdivision [Caltrans] shall determine that the display will not cause a reduction in federal aid funds or otherwise be **inconsistent with any federal law, regulation, or agreement between the state and a federal agency or department.**

(2) If [Caltrans] is unable to make the determination required … the department shall request the Federal Highway Administration (FHWA) of the United States Department of Transportation to make the determination. Upon receipt of a determination by the FHWA that makes the finding described in paragraph (1), the advertising display may be placed.

(Emphasis added)

NEXT STEPS

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CITY OF LOS ANGELES FOUNDED 1781